

FY 2014 BUDGET OVERVIEW

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A MESSAGE FROM THE COMMISSIONER

Our fiscal year (FY) 2014 administrative budget request of \$12.297 billion is consistent with our commitment to be good stewards of our programs, provide quality services to the public, invest in the technology that will help us continue to work smarter and faster, and support our program integrity efforts. My request includes \$11.070 billion for our Limitation on Administrative Expenses (LAE), along with \$1.227 billion for a special mandatory legislative proposal that would allow us to increase our program integrity work. It is critical that we receive both funding requests, as we cannot operate at the LAE funding level alone without devastating effects on both service and stewardship.

Full funding of our budget will allow us to replace some of the critical losses we have experienced through attrition since FY 2011 and make investments in technology to enhance our efficiency, thereby saving time for both the agency and public. Our full budget request will allow us to continue to meet our performance goals and measures in key areas, such as delivering quality disability decisions and services, and preserving the public's trust in our programs. We pride ourselves on delivering caring, high-quality services for all of our customers, although it has become more challenging to do so over the past several years. A large part of that challenge is due to the increased workloads caused by the aging of the Baby Boomers, the economic downturn, and the growing demand for us to verify information for other programs. Three straight years of appropriations substantially below the President's Budget requests for our operations have reduced our ability to serve members of the public who need our services, resulting in growing backlogs and longer wait times.

Few government agencies touch as many people's lives as we do. If we are to succeed in our mission to serve our beneficiaries and all Americans seeking help through our important programs, we need adequate, sustained, predictable funding to hire and train highly-qualified employees to reach a staffing level that will allow us to continue providing quality service to the public.

We must maintain the public's trust by effective stewardship of program dollars and administrative resources. We are committed to protecting program dollars from waste, fraud, and abuse. Each year, we complete periodic continuing disability reviews (CDRs) to determine if beneficiaries are still disabled. We also perform Supplemental Security Income (SSI) redeterminations to review non-medical factors that affect benefit payment amounts, such as income and other non-home resources. Our budget includes a proposal to provide a dependable stream of mandatory administrative funding for our key program integrity work, which would save billions of program dollars by allowing us to implement an aggressive plan to reduce our CDR backlog while maintaining a high level of SSI redeterminations.

Over the past few years, we have made some very difficult decisions, and we have done so with a focus on balancing our service and stewardship workloads. However, we cannot do it all without sustained, adequate funding. With your support, we will continue to provide quality service to the public.

/s/

Carolyn W. Colvin
Acting Commissioner

OUR PROGRAMS

Whether it is after the loss of a loved one, at the onset of disability, or during the transition from work to retirement, we touch the lives of virtually every person in America, as well as the lives of many people living abroad. We administer three key programs that serve the public:

Old-Age And Survivors Insurance (OASI)

Created in 1935, the OASI program provides retirement and survivors benefits to qualified workers and their families. In FY 2014, we will pay about \$709 billion in OASI benefits to approximately 48 million beneficiaries, including about 89 percent of the population aged 65 and over.

Disability Insurance (DI)

Established in 1956, the DI program provides benefits for disabled workers and their families. In FY 2014, we will pay about \$145 billion in DI benefits to approximately 11 million disabled workers and their family members.

Supplemental Security Income (SSI)

Established in 1972, the SSI program provides financial support to aged, blind, and disabled adults and children who have limited income and resources. In FY 2014, we will pay about \$59 billion in Federal and State Supplementation benefits to almost 8.5 million SSI recipients.

We also increasingly contribute in important ways to furthering other national priorities including activities related to: the Employee Retirement Income Security Act of 1974, the Coal Act, Supplemental Nutrition Assistance Program (formerly Food Stamps), SSN Verifications for a wide-range of non-SSA program purposes, the Help America Vote Act; the State Children's Health Insurance Program, Veterans benefits, and the Affordable Care Act.

Our ongoing workloads include the following:

- Claims: We take claims, evaluate evidence, and determine benefit eligibility. In FY 2014, we will handle over 5.4 million retirement, survivors, and Medicare claims; nearly 2.9 million Social Security and SSI initial disability claims; and 278,000 SSI aged claims.
- Appeals: We have three levels of administrative appeals for claimants who dispute our decisions:

- 1) Reconsideration, which entails a complete review of the claim by an employee who did not take part in the initial determination;
- 2) Hearing before an administrative law judge (ALJ); and
- 3) Request for review to the Appeals Council. If a claimant disagrees with the Appeals Council's decision, or if the Appeals Council decides not to review the case, he or she may file a lawsuit in a Federal district court.

In FY 2014, we will complete approximately 725,000 reconsiderations, 807,000 hearings, and 209,000 Appeals Council reviews.

- Program Integrity: Our stewardship responsibility includes conducting non-medical SSI redeterminations and periodic medical CDRs. The reviews we conduct save significant program dollars by avoiding improper payments to beneficiaries. For FY 2014, we estimate that every dollar spent on CDRs will yield about \$9 in program savings over 10 years, including Medicare and Medicaid program effects, and that every dollar spent on SSI redeterminations will yield about \$5 in program savings over 10 years, including Medicaid program effects. In FY 2014, we will perform 2.6 million SSI redeterminations and work towards 1.047 million periodic medical CDRs.
- Social Security Numbers (SSN): We complete applications for and assign SSNs to all Americans and to qualifying foreign-born workers. In FY 2014, we will complete requests for approximately 16 million new and replacement Social Security cards.
- Earnings Records: We receive regular updates on the earnings of the working population from employers. We post the reported earnings to workers' records. We link these earnings records to the appropriate workers' SSNs and resolve any discrepancies. In FY 2014, we will post 253 million earnings items to workers' records.
- Social Security Statements: We provide information on earnings on which workers have paid Social Security taxes as well as estimates of future benefits workers and their families may receive as a result of those earnings.
- Services After Individuals Become Eligible for Benefits: In FY 2014, we will complete more than 100 million post-entitlement actions for beneficiaries, including issuing emergency payments, recomputing payment amounts, and completing address and other status changes.
- Employment Eligibility Verification (E-Verify): We support the Department of Homeland Security by verifying the employment eligibility of newly hired employees by electronically checking employee names, SSNs, dates of birth, and U.S. citizenship status. In addition, we help resolve discrepancies when information does not match. We expect that through E-Verify we will process more than 28 million queries in FY 2014.

- Medicare and Medicaid Administration Assistance: For over four decades, we have assisted the Centers for Medicare and Medicaid Services in administering the Medicare Hospital Insurance and Supplementary Medical Insurance programs. In addition to determining Medicare eligibility, in FY 2014, we will handle 1.1 million Medicare prescription drug subsidy applications.

WHAT WE HAVE DONE TO REDUCE OUR COSTS

Over the last few years, we have taken actions to minimize the effects on our customers, including the following cost-saving measures:

- significantly limited hiring, with only minimal hiring in critical frontline areas;
- consolidated 41 field offices and closed 490 contact stations since FY 2010, in addition to foregoing plans to open 8 needed new hearings offices and a new TeleService center;
- reduced the hours that our field offices are open to the public to complete late-day interviews without using overtime;
- implemented an acquisitions savings plan that realized over \$620 million in savings from FY 2010 through FY 2012;
- reduced travel in accordance with the President's Executive Order 13589 on Promoting Efficient Spending, which has saved an estimated \$28.6 million since FY 2010;
- eliminated unnecessary spending in areas such as printing, supplies, and relocation, which has saved an estimated \$52.4 million since FY 2010;
- reduced agency-sponsored conferences from 112 in FY 2010 to 13 in FY 2012, saving over \$7 million; and
- suspended our lower priority notices (e.g., recontact and direct deposit notices) and reduced the number of Social Security Statements issued. (We have successfully launched an easy-to-access online Social Security Statement.)

FY 2012 ACCOMPLISHMENTS

We are an efficient organization; our administrative costs are about 1.4 percent of the benefit payments we pay each year. Our fiscal data confirms that we are working smarter than ever. We achieved an average productivity increase of over 4.7 percent a year for the past five years, a remarkable achievement that very few organizations—public or private—can match.

The programs we administer provide a financial safety net for millions of Americans. Many people consider our programs to be the most successful large-scale Federal programs in our Nation's history. The responsibilities with which we have been entrusted are significant. We implement our programs through a nationwide workforce of about 80,000 Federal and State employees. Our employees' number one challenge and priority is to deliver high-quality service to our customers.

In FY 2012, we:

- paid over \$800 billion to almost 65 million beneficiaries;
- handled over 56 million transactions on our National 800-Number Network;
- received over 65 million calls to field offices nationwide;
- served about 45 million visitors in over 1,200 field offices nationwide;
- completed over 8 million claims for benefits and 820,000 hearing dispositions;
- handled almost 25 million changes to beneficiary records;
- issued about 17 million new and replacement Social Security cards;
- posted over 245 million wage reports;
- handled over 15,000 disability cases in Federal District Courts;
- completed over 443,000 full medical CDRs; and
- completed over 2.6 million non-medical redeterminations of SSI eligibility.

We accomplished all of this under severe budget constraints by making tough, targeted decisions and by enhancing our information technology. However, we cannot maintain this level of service and stewardship as we continue to lose employees who handle this work. Trained employees are our most critical resource. Even as we vigorously increase the use of automation, the nature of our work remains labor-intensive and, therefore, is dependent on having the necessary number of trained staff. The same employees who maintain our stewardship responsibilities must also handle applications for benefits. Without sufficient resources and trained staff, we cannot keep up with both service improvements and our important program integrity work.

FY 2014 BUDGET REQUEST

Our FY 2014 budget request of \$12.297 billion will help us to balance service, quality, and stewardship by:

- providing a dependable source of mandatory funding for our key program integrity work so that we can process more CDRs and save billions more in taxpayer dollars;
- allowing us to begin replacing critical staffing losses, which will help us to stabilize performance in some key areas, continue to handle high volumes of work, and focus on providing quality service; and
- ensuring that we have funding to make the right investments in technology to be as efficient as possible, saving time for us and the public.

The following charts provide the FY 2014 President's budget request for our administrative expenses, including funding amounts, associated workyears, and key performance goals. The first chart, the FY 2014 Funding Table, provides amounts for our key appropriations and the associated workyears. The second chart, the FY 2014 Performance Table, includes the actual performance for FY 2012 and anticipated targets for FYs 2013 and 2014 for our key performance measures.

The FY 2014 President's Budget Request - Funding table provides actual dollar numbers and workyears expended for FY 2012, our estimated spending for FY 2013 based upon P.L. 112-175 (if annualized), and our FY 2014 budget request, including mandatory program integrity funding.

FY 2014 PRESIDENT'S BUDGET REQUEST - FUNDING

FY 2014 Funding Table	FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
Budget Authority (in millions)			
Limitation on Administrative Expenses (LAE)	\$11,453	\$11,520	\$11,070
Program Integrity Proposed Mandatory Funding ¹	N/A	\$266	\$1,227
Research and Demonstrations	\$8	\$8	\$54
Office of the Inspector General (OIG) ²	\$102	\$103	\$106
Total Budget Authority³	\$11,563	\$11,897	\$12,457
Workyears			
Full-Time Equivalents	64,062	62,475	56,901
Overtime	2,287	2,020	1,570
Lump Sum	286	303	298
Program Integrity Proposed Mandatory Funding ¹	0	1,242	6,578
Total SSA	66,635	66,040	65,347
Disability Determination Services (DDS)	14,913	14,480	12,875
DDS Program Integrity Proposed Mandatory Funding ¹	0	872	3,295
Total SSA/DDS	81,548	81,392	81,517
OIG	573	576	581
Total SSA/DDS/OIG	82,121	81,968	82,098

¹ Requested as part of a legislative proposal included in the FY 2014 President's Budget that would create a new Program Integrity Administrative Expenses (PIAE) account and provide mandatory program integrity funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 in discretionary funding requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000. The FY 2013 column reflects a total program integrity assumption of approximately \$1,024,000,000, which includes nearly \$758,000,000 as part of the LAE, and an additional \$266,000,000 as part of the PIAE account.

² Please see the OIG section of the Congressional Justification for additional information.

³ Totals may not add exactly due to rounding.

The FY 2014 President's Budget Request - Performance table reports our actual performance for FY 2012, our estimate for what we can achieve in FY 2013 based upon P.L. 112-175 (if annualized), and what we can achieve with our FY 2014 budget request, including mandatory program integrity funding.

FY 2014 PRESIDENT'S BUDGET REQUEST - PERFORMANCE

FY 2014 Performance Table	FY 2012 Actual	FY 2013 Estimate	FY 2014 Request
Selected Workload Measures			
Retirement and Survivors Claims Completed (thousands)	5,001	5,269	5,402
Initial Disability Claims Completed (thousands)	3,207	2,970	2,851
Reconsiderations Completed (thousands)	809	803	725
Hearings Completed (thousands)	820	836	807
800-Number Transactions Handled (millions)	57	52	51
Average Speed of Answer (ASA) (seconds) ¹	294	455	482
Agent Busy Rate (ABR) (percent) ¹	5	10	10
Social Security Numbers (SSN) Completed (millions)	17	16	16
Annual Earnings Items Completed (millions)	245	250	253
Social Security Statements Issued (millions)	24	9	155
Selected Outcome Measures			
Initial Disability Claims Pending (thousands)	708	796	910
Reconsiderations Pending (thousands)	198	179	208
Hearings Pending (thousands)	817	816	831
Average Processing Time for Initial Disability Claims (days)	102	107	120
Average Processing Time for Initial Reconsiderations (days) ²	N/A	N/A	TBD
September Average Processing Time for Hearings Decisions (days)	362	380	387
Disability Determination Services Production per Workyear	324	318	320
Office of Disability Adjudication and Review Production per Workyear	111	112	114
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	N/A	(2,100)	(2,800)
Selected Program Integrity Performance Measures³			
Periodic Continuing Disability Reviews (CDR) Completed (thousands)	1,404	1,550	1,947
Periodic Medical CDRs (included above, thousands)	443	650	1,047
Supplemental Security Income (SSI) Non-Disability Redeterminations Completed (thousands)	2,624	2,622	2,622

1 Although we have not solidified the date for full implementation of Citizen Access Routing Enterprise (CARE 2020), we anticipate that our new state-of-the-art system will decrease the ABR to 1 percent and increase the ASA to 555 seconds in FY 2014. We computed the ABR and ASA using our current methodology to allow for comparability.

2 Average Processing Time measure for reconsiderations is currently under development.

3 Reflects levels of medical continuing disability reviews and redeterminations of SSI eligibility we project with full, timely, and sustained funding as outlined in the legislative proposal for mandatory PIAE. In FY 2013, this is 228,000 CDRs above the level we could complete with enacted funding.

OUR EXTRAMURAL RESEARCH BUDGET

In FY 2014, we are requesting \$54 million in new budget authority as part of our SSI appropriation to support extramural research projects designed to prevent and reduce beneficiary dependency, improve our coordination with other agencies, and improve the administration and effectiveness of our programs. The broad based SSI and Old-Age, Survivors, and Disability Insurance and projects funded via this budget include projects in the areas of disability policy research, financial literacy and education, retirement policy research, and evaluations of proposed or newly enacted legislation.

Our extramural research budget emphasizes continued support for key congressional and long-standing agency priorities, such as rigorous evaluation of the Promoting Readiness of Minors in SSI pilot, the Retirement Research and Disability Research Consortia, and the development of the Occupational Information System (OIS). Our request also reflects our support of the Administration's and Congress' ongoing goal to provide opportunities for beneficiaries with disabilities to maximize their self-sufficiency through work. We are working collaboratively with other Federal agencies to test methods to improve the postsecondary education and employment outcomes of children who receive SSI.

We must work to ensure that policymakers and the public have the information needed to assess the implications of the proposals under consideration. In support of this effort, we plan to continue funding the Retirement Research Consortium, which will continue to maintain our capability to produce policy-relevant research on retirement, and the Disability Research Consortium, which will continue to address a significant shortage of disability policy research and foster collaborative research with other Federal agencies. With this budget, we plan to maintain and improve the data we use to perform evidence-based studies that inform decision makers and respond to inquiries from within the Administration, the Government Accountability Office, Congress, and other oversight/monitoring authorities.

Our FY 14 budget request includes continued funding for our OIS project, which, when completed, will allow us to make more consistent, better-informed disability adjudication decisions. We completed the first phase of the project, which was to test whether it was feasible for the Bureau of Labor Statistics to collect data relevant to our disability program using the National Compensation Survey platform. We are currently funding the second phase of the project, which involves collecting data samples on the relevant requirements of jobs in the national economy. Upon a successful completion of the data collection pilot, the FY 2014 President's Budget provides funding for a larger scale collection of data beginning in FY 2014.

BALANCING SERVICE, QUALITY, AND STEWARDSHIP

Initial Disability Claims

We are trying to keep pace with the elevated level of new disability claims. Over the past five years, the initial disability claims we received increased by about a third. Due to significant increases in employee productivity, technology, and policy improvements, we have kept pace with this workload, while maintaining and even improving quality. However, due to the austere budget environment in FY 2013, we expect that the backlog of initial disability claims and processing times will rise significantly.

In the meantime, we continue to make our disability processes more efficient. For example, our Disability Case Processing System (DCPS) is a national state-of-the-art case processing system that will replace 54 different existing systems that support the State disability determination services (DDS). We are testing the initial version of DCPS, released in September 2012, in the Idaho DDS. We are incrementally increasing functionality and plan to expand to the Illinois DDS in April 2013 and the Missouri DDS in July 2013.

Focusing on the speed of approval is not enough; quality is integral to our disability processes. We developed and implemented the electronic Claims Analysis Tool (eCAT), a web-based application, to help State DDS examiners apply policies correctly throughout the disability decision-making process. eCAT uses “intelligent pathing,” which prompts users to consider the appropriate questions based on the unique characteristics of each case.

We are leveraging the rapid developments of electronic health records and Health Information Technology (Health IT) in the medical community to improve our disability business processes. With the advent of standards-based computer exchanges, we have successfully shown that, with the consent of our claimants, we can nearly instantaneously access medical records. As Health IT becomes the industry standard, we expect that the volume of electronic medical records we receive will rapidly increase, and the speed and accuracy of our disability decisions should improve significantly. We are working very closely with the Department of Health and Human Services’ Office of the National Coordinator for Health IT and with the Centers for Medicare and Medicaid Services to align our work with the national strategy for Health IT. In addition, we are working with the Department of Defense and the Department of Veteran Affairs to implement Health IT exchanges to improve our collection of medical records.

Approving clearly eligible claimants early in the process benefits persons with severe disabilities and, at the same time, allows us focus our attention on the more ambiguous cases. We are successfully using the Compassionate Allowances and Quick Disability Determinations processes to fast-track disability determinations for individuals who are obviously severely disabled. Since October 2009, we have used these processes to expedite claims for over 510,000 disability claimants, while maintaining a very high accuracy rate and processing the

cases in days or weeks rather than months. We continue to research other conditions to identify those we should capture under our Compassionate Allowances or our Quick Disability Determinations processes.

Hearings

We have succeeded in reducing the hearings backlog. We have restructured our training programs, materials, tools, and software to better support our ALJs and hearing offices. Our investments in information technology have helped us to review hearing-level decisions and to analyze these decisions for adjudicative trends, patterns of error, and other anomalies. Our analysis has led us to develop and then refine tools, such as “How MI Doing?” and the electronic Bench Book, which provide detailed information to our adjudicators and help improve their accuracy and policy compliance. Our efforts to improve quality have driven a dramatic decline in programmatic errors, resulting in substantial cost savings and a decrease in overpayments to claimants.

We are currently suffering from a shortage of ALJs. The Office of Personnel Management’s ALJ register is virtually exhausted and we will end FY 2013 far short of our hiring target. Though we have attempted to meet our ALJ hiring needs by doubling our number of senior ALJs, we will not be able to make further progress on reducing our backlog until we get more ALJs and our incoming work decreases. Our results illustrate the success we can achieve with a dedicated commitment of resources to an important agency workload. With more ALJs to decide cases and wider use of video hearings, we reduced average processing time from an all-time high of 532 days in August 2008 to a low of 340 days in October 2011. However, because of constrained budgets and the unavailability of ALJs, average processing time is trending upwards since FY 2012; it is currently at 382 days. Without adequate funding, our gains in this area will soon diminish. With full funding of the FY 2014 President’s Budget, we plan to deliver a stable average processing time.

Online Services

The public embraces our online services because of the convenience, simplicity of design, and ease of use. The American Customer Satisfaction Index recognized our top performing online services. In their report, three of our nine measured services—iClaim, Retirement Estimator, and the Help with Medicare Prescription Drug Plan Costs—out-performed, or tied the best private sector online services. With our online services, we are making it easier for people to do their business with us from the comfort of their home, office, or a library.

Our improved online services are vital to our ability to deal with the significant increases in our retirement and disability claims. With our easy-to-use online tools, we increased the percentage of online claims to 44 percent in the last quarter of FY 2012, exceeding our goal of 42 percent. In 2013, we will streamline the online process to provide a single point of access to all parts of the disability application process.

We implemented *my Social Security*, a secure website that authenticates the identity of people interested in conducting business with us online. In May 2012, we released the online Social Security Statement using *my Social Security*. In January 2013, we expanded *my Social Security* to allow individuals to request a benefit verification letter online, as well as change their address and direct deposit information.

Defining the delivery of quality service varies as technology and the public's needs change. We must adapt to our customers' needs, including their preferences for doing business with us. When we established our first field office in 1936, we provided only face-to-face service. We processed our claims on paper without computers and housed our ever-growing files across the country, making it difficult, if not impossible, to share work between offices. Now, in the 21st century, many of our business processes are electronic and many of our services are online. We are finding that our customers increasingly embrace and expect the use of online services. In addition to providing better service, our online services save our employees time, allowing them to work on other issues and workloads.

As we change to meet the public's service preferences, and to keep up with the times, we must ensure that we provide excellent service for those who prefer to speak to us on the phone or face-to-face. We are committed to not leaving any of our customers behind in pursuit of new technologies. We must do everything within our power to serve all our customers in an easily accessible way.

Video Service

Video services have helped our customers and us. We continue to expand our use of video service because it has efficiently provided relief to our busy and understaffed offices. Video services help us reach members of the public located in remote sites with minimal access to our field offices, and provide a convenient service to sites where our beneficiaries may be incapable of visiting our field offices, such as local community centers, senior centers, hospitals, and homeless shelters.

In FY 2012, we had video units in 449 sites. We held 97,000 interviews using video service technology. We held 23 percent of our hearings by video—an increase of more than 23,800 video hearings compared to FY 2011.

We initiated the Representative Video Project in 2008 as part of our overall effort to increase the number of video hearings and, therefore, decrease our ALJs' time spent traveling. The Representative Video Project allows attorney representatives to purchase video conferencing equipment and then conduct hearings from their own offices. This service channel provides substantial benefits, particularly for claimants and representatives in less populated areas. In FY 2012, we had 52 approved representatives hold over 3,800 hearings through the Representative Video Project, an increase of 42 percent from FY 2011.

Telephone Service

The progress we made in improving our national 800-number performance over the last few years began reversing in FY 2012 because of budget cuts. Busy signals and the average speed of answer climbed by nearly 5 percent to 300 seconds. Due to a reduction in funding, we simply do not have enough staff in our TeleService centers to handle the demand for agent service. With continued staffing losses expected this year, we project the busy rate will be at least 10 percent and the average time callers spend waiting for an agent to be in excess of 450 seconds in FY 2013. With approval of our full FY 2014 budget request, we will replace some critical staffing losses in our TeleService centers, positioning us to begin to reverse the decline in service by FY 2015.

To combat the decline in performance, we are making improvements to both our 800-number and our field office telephone systems. All field offices have transitioned to the new Field Office Network Enterprise system, which has many helpful features, including a dynamic forward-on-busy service. This feature offers callers who would otherwise get a busy signal, the option to transfer to our 800-number. With the new system's call management capabilities, we have reduced busy rates in field offices. The overall busy rate improved from 34 percent in FY 2010 to 7 percent in FY 2012.

We are replacing our national 800-number infrastructure with a new system, Citizen Access Routing Enterprise through 2020 (CARE 2020). CARE 2020 will initially provide the same services as our current system but will replace our current infrastructure with newer technology such as Voice over Internet Protocol. The new technology will provide enough additional telephone lines to accommodate the volume of calls we receive and nearly eliminate the chance that a caller will receive a busy signal. We expect upgrades to our speech recognition technology and automated menus to improve customer satisfaction by reducing errors, streamlining menus, and improving overall usability.

PROGRAM INTEGRITY EFFORTS

Program Integrity Proposal

The FY 2014 President's Budget includes a special legislative Administration proposal that would provide a dependable source of mandatory funding to significantly ramp up our program integrity work, which ensures that only those eligible for benefits continue to receive them. These mandatory funds would replace the discretionary cap adjustments authorized by BBEDCA, as amended by the Budget Control Act. These funds would be reflected in a new account, the Program Integrity Administrative Expenses account, which would be separate, and in addition to, our LAE account. If approved, the funds would be available for two years,

providing us with the flexibility to aggressively hire and train staff to support the processing of more program integrity work.

The annual appropriations process is not providing us with the resources necessary to conduct all of our scheduled CDRs and redeterminations. We estimate that each additional dollar spent on CDRs would save the Federal Government \$9, yet we have a backlog of 1.3 million CDRs. We estimate that each additional dollar spent on redeterminations would save the Federal Government \$5. The legislative proposal would yield a net savings of \$38 billion over 10 years.

In FY 2014, the proposal would provide \$1.227 billion, allowing us to handle significantly more CDRs. With this increased level of funding, the associated volume of medical CDRs is 1.047 million, although it may take us some time to reach that level. For comparison, we conducted 443,000 CDRs in FY 2012. (We would continue to maintain the high level of redeterminations—2.622 million in FY 2014.)

Initiatives to Reduce Improper Payments

We strive to further improve our payment accuracy. We developed several cost-effective program initiatives to prevent or minimize overpayments, including the following:

- Access to Financial Institution (AFI): Our AFI initiative verifies alleged bank account balances of SSI applicants and recipients with financial institutions. In FY 2012, we integrated the AFI electronic process into our existing SSI initial claims and redetermination processing system, simplifying how we administer account verification requests and responses from financial institutions. We anticipate performing more rigorous checks of alleged assets if resources allow.
- Telephone Wage Reporting: Use of our telephone wage reporting system continues to increase. In September 2012, SSI recipients reported more than 36,000 wage reports through our telephone wage reporting system that automatically processes the wage information into the SSI system. In December of 2012, we successfully launched a pilot version of our smartphone wage reporting application. The smartphone application will automatically update the SSI record, correct the upcoming payment if necessary, and issue a receipt to the recipient.
- Non-Home Real Property: Undisclosed non-home real property is a growing cause of improper overpayments in the SSI program. We conducted a study in FY 2012 to test the accuracy and efficiency of using Accurant, an online service available through LexisNexis, to search for and identify undisclosed real property owned by SSI recipients. The study determined that the information in Accurant is reliable. We will continue to refine and expand our use of the Accurant data.

- Cooperative Disability Investigations (CDI): Our most successful effort against disability fraud is the CDI program, which links our Office of the Inspector General and local law enforcement with Federal and State workers who handle disability cases. CDI units are highly successful at detecting fraud before we make a disability decision. In FY 2012, CDI efforts nationwide resulted in \$340 million in projected savings to our disability programs and over \$235 million to other programs, such as Medicare and Medicaid.
- Special Assistant United States Attorneys: We have ten attorneys assigned to several United States Attorney Offices as Special Assistants. Our attorneys prosecute possible fraud cases referred by OIG that would not otherwise be prosecuted in Federal court. In FY 2012, our attorneys secured over \$8.6 million in restitution orders and 107 convictions or guilty pleas.

CONCLUSION

Our funding level directly affects our service levels. Steep reductions in our funding below the President's Budget request for the past three years have resulted in backlogs and increased improper payments.

With additional budget cuts, public service will decline and improper payments will rise. Our work is not optional; the longer it takes us to complete it, the more difficult and expensive it is to handle. Moreover, each case represents an action that affects a person's life. Whether it is paying benefits or preventing an overpayment, millions of people depend on us to handle their cases timely and accurately.

Our employees have responded remarkably by continuing to serve every person who comes through our front door or calls us—even as dwindling resources mean we have far fewer employees available to serve the public. Shrinking resources and rising workloads have resulted in people waiting much longer and becoming increasingly frustrated. On those increasing occasions when frustration spills over into aggression or even violence, our employees and members of the public are at risk. Since FY 2011, our employees have been exposed to a nearly 20 percent increase in threats. We owe it to our employees and the people they serve to do everything we can to protect and support them by providing sufficient funding.

Adequate funding will also enable us to invest in tools and technology, which are vital for delivering quality, efficient service. Technology benefits our customers by providing more options to do business with us through such channels as the Internet or through video services. Technology benefits us by helping us to work smarter and faster.

Our FY 2014 budget request of \$12.297 billion will help us to continue to meet the demands of our ever-increasing workloads. We will be able to replace some of the losses we have experienced over the past three years, helping us to better keep up with public demand. We have proven that we are a good investment and that we continue to work smarter and more efficiently. With adequate funding, we could ramp up our cost-effective program integrity work, provide quality service, and invest in initiatives that will allow us to offer better and more efficient customer service.

SOCIAL SECURITY ADMINISTRATION

Summary Table of SSA's Appropriation Request

FY 2014	FTE	Amount
Payments to Social Security Trust Funds		\$ 16,400,000
Supplemental Security Income Program		-
FY 2014 Request		\$ 40,737,000,000 ¹
FY 2015 First Quarter Advance		\$ 19,700,000,000
Limitation on Administrative Expenses	56,901	\$ 11,069,846,000 ²
Program Integrity Administrative Expenses	6,578	\$ 1,227,000,000 ³
Total Administrative Expenses	63,479	\$ 12,296,846,000
Office of the Inspector General	575	\$ 105,733,000

¹ Excludes \$19,300,000,000, previously appropriated as a first quarter advance for FY 2014.

² Includes \$173,000,000 for SSI State Supplementary user fees and up to \$1,000,000 for non-attorney user fees.

³ Requested as part of a legislative proposal included in the FY 2014 President's Budget that would create a new Program Integrity Administrative Expenses (PIAE) account and provide a more reliable stream of mandatory program integrity funding.

SOCIAL SECURITY ADMINISTRATION

FY 2014 PRESIDENT'S BUDGET

Key Tables

Table 1- Administrative Budget Authority and Other Appropriated Funds¹ (in millions)

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	Change FY 13/FY 14
<u>Budget Authority</u>				
Base Limitation on Administrative Expenses (LAE)	\$10,536	\$10,600	\$10,623	\$23
Program Integrity Base Adjustment	\$273	\$275	\$273	-\$2
Program Integrity Cap Adjustment	\$483 ²	\$483	N/A	-\$483
User Fees ³	\$162	\$163	\$174	\$11
Subtotal, LAE Appropriation	\$11,453	\$11,520	\$11,070	-\$451
Program Integrity Administrative Expenses ⁴	N/A	\$266	\$1,227	\$961
Subtotal, SSA Appropriation	\$11,453	\$11,786	\$12,297	\$510
Percent change from FY 2013				4.3%
Research	\$8	\$8	\$54	\$46
Office of the Inspector General (OIG)	\$102	\$103	\$106	\$3
Subtotal, Administrative Budget	\$11,564	\$11,897	\$12,457	\$559
Percent change from FY 2013				4.7%
<u>Other Available Funds</u>				
No-year Information Technology	\$247	\$163	\$0	-\$163
MIPPA – Low-Income Subsidy (LIS)	\$1	\$6	\$6	\$0
Recovery Act ⁵				
Workload Processing	\$0	\$0	\$0	\$0
Economic Recovery Payments – Admin	\$0	\$0	\$0	\$0
National Computer Center Replacement	\$28 ⁶	\$58	\$78	\$20
OIG Oversight	\$0.9	\$0	\$0	\$0
Subtotal, Other Funds Available	\$277	\$227	\$84	-\$144
TOTAL BUDGETARY RESOURCES	\$11,840	\$12,125	\$12,540	\$416

¹ Totals may not equal sums of component parts due to rounding.

² Includes program integrity funding from the Disaster Relief Appropriations Act, 2012 (P.L. 112-77)

³ Includes SSI user fees and Social Security Protection Act user fees.

⁴ Requested as part of a legislative proposal included in the FY 2014 President's Budget that would create a new Program Integrity Administrative Expenses (PIAE) account and provide a reliable stream of mandatory program integrity funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000. The FY 2013 column reflects a total program integrity assumption of approximately \$1,024,000,000, which includes nearly \$758,000,000 as part of the LAE, and an additional \$266,000,000 as part of the PIAE account.

⁵ Funds provided in the American Recovery and Reinvestment Act of 2009 (Recovery Act) (P.L. 111-5).

⁶ In FY 2012, the actual bid for NSC construction came \$58.4 million under budget. Also in FY 2012, there were \$27.5 million in IT obligations, resulting in a net recovery of \$30.9 million.

Table 2 – SSA Full Time Equivalents and Workyears

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	Change FY 13/FY 14
SSA Full Time Equivalents	64,062	63,717	63,479	-238
SSA Overtime/Lump Sum Leave	2,573	2,323	1,868	-455
Subtotal, SSA Workyears	66,635	66,040	65,347	-693
Disability Determination Services (DDS) Workyears	14,913	15,352	16,170	818
Subtotal, SSA and DDS Workyears	81,548	81,392	81,517	125
OIG Full Time Equivalents	569	570	575	5
OIG Overtime/Lump Sum Leave	4	6	6	0
Subtotal, OIG Workyears	573	576	581	5
TOTAL SSA/DDS/OIG WORKYEARS	82,121	81,968	82,098	130

Table 3- SSA Outlays by Program (in millions)

	FY 2012 Actual	FY 2013 Estimate⁷	FY 2014 Estimate⁸	Change FY 13/FY 14
<u>Trust Fund Programs</u>				
Old-Age and Survivors Insurance (OASI)	\$634,732	\$674,221	\$716,296	\$42,075
Disability Insurance (DI)	\$138,631	\$144,087	\$149,248	\$5,161
Subtotal, Trust Fund Programs	\$773,363	\$818,308	\$865,544	\$47,236
<u>Proposed OASDI Legislation:</u>				
Unemployment Insurance/Disability Insurance Offset	\$0	\$0	-\$100	-\$100
Subtotal, Proposed OASDI Legislation	\$0	\$0	-\$100	-\$100
<u>General Fund Programs</u>				
Supplemental Security Income (SSI)	\$50,674	\$57,082	\$59,978	\$2,896
Special Benefits for Certain World War II Veterans	\$6	\$7	\$6	-\$1
Subtotal, General Fund Programs	\$50,680	\$57,089	\$59,984	\$2,895
<u>Proposed General Fund Legislation:</u>				
WEP/GPO Enforcement	\$0	\$0	\$70	\$70
W/C Enforcement	\$0	\$0	\$10	\$10
Federal Wage Reporting	\$0	\$0	\$140	\$140
Prisoner System	\$0	\$0	\$15	\$15
SSI Refugee Extension	\$0	\$0	\$46	\$46
Subtotal, Proposed General Fund Legislation	\$0	\$0	\$281	\$281
TOTAL SSA Outlays, Current Law	\$824,043	\$875,397	\$925,528	\$50,131
Percent change from FY 2013				5.7%
TOTAL SSA Outlays, Proposed Law	\$0	\$0	\$181	\$181
TOTAL SSA Outlays, Current & Proposed Law	\$824,043	\$875,397	\$925,709	\$50,312

⁷ The full-year FY 2013 appropriation was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). Since this continuing resolution does not fully fund the cap adjustment for FY 2013, the President's Budget proposes to provide an additional \$266 million in mandatory funding in FY 2013 allowed by the cap adjustment, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding would allow us to complete 650,000 periodic medical CDRs in FY 2013 instead of the 435,000 we currently expect to handle. The DI share of the funding is \$160 million; the SSI share is \$106 million.

⁸ The President's Budget proposes a legislative proposal that would provide \$1.227 billion in mandatory program integrity funding for FY 2014. The DI share is \$640 million; the SSI share is \$587 million.

Table 4- Current Law- Old Age, Survivors and Disability Insurance Outlays and Income (in millions)

	FY 2012 Actual	FY 2013 Estimate⁹	FY 2014 Estimate¹⁰	Change FY 13/FY 14
<u>Outlays</u>				
OASI Benefits	\$627,221	\$666,973	\$708,894	\$41,921
DI Benefits	\$135,125	\$140,333	\$145,446	\$5,113
Other	\$11,017	\$11,002	\$11,204	\$202
TOTAL OUTLAYS, Current Law	\$773,363	\$818,308	\$865,544	\$47,236
<u>Income</u>				
OASI	\$729,014	\$740,025	\$769,212	\$29,187
DI	\$108,931	\$111,378	\$115,771	\$4,393
TOTAL INCOME, Current Law	\$837,945	\$851,403	\$884,983	\$33,580

Table 5- Current Law- OASDI Beneficiaries and Average Benefit Payments (Beneficiaries in thousands)

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	Change FY 13/FY 14
<u>Average Number of Beneficiaries</u>				
OASI	45,066	46,371	47,782	1,411
DI	10,700	10,946	11,125	179
TOTAL BENEFICIARIES	55,766	57,317	58,907	1,590
<u>Average Monthly Benefit</u>				
Retired Worker	\$1,220	\$1,259	\$1,297	\$38
Disabled Worker	\$1,100	\$1,127	\$1,152	\$25
Projected COLA Payable in January	3.6%	1.7%	2.2%	0.5%

⁹ The full-year FY 2013 appropriation was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). Since this continuing resolution does not fully fund the cap adjustment for FY 2013, the President's Budget proposes to provide an additional \$266 million in mandatory funding in FY 2013 allowed by the cap adjustment, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding would allow us to complete 650,000 periodic medical CDRs in FY 2013 instead of the 435,000 we currently expect to handle. The DI share of the funding is \$160 million; the SSI share is \$106 million.

¹⁰ The President's Budget proposes a legislative proposal that would provide \$1.227 billion in mandatory program integrity funding for FY 2014. The DI share is \$640 million; the SSI share is \$587 million.

Table 6- Current Law- Supplemental Security Income Outlays (in millions)

	FY 2012 Actual	FY 2013 Estimate ¹¹	FY 2014 Estimate ¹²	Change FY 13/FY 14
Federal Benefits	\$47,147 ¹³	\$53,300	\$55,579	\$2,279
Other ¹⁴	\$3,795	\$3,792	\$4,411	\$619
Subtotal, Federal Outlays	\$50,943	\$57,092	\$59,990	\$2,898
State Supplementary Benefits	\$3,070	\$3,310	\$3,435	\$125
State Supplementary Reimbursements	\$3,337	\$3,320	\$3,447	\$127
Subtotal, Net State Supplementary Payments¹⁵	-\$267	-\$10	-\$12	-\$2
TOTAL OUTLAYS, Current Law	\$50,676	\$57,082	\$59,978	\$2,896

Table 7- SSI Recipients and Benefit Payments¹⁶ (Recipients in thousands)

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Budget	Change FY 13/FY 14
<u>Average Number of SSI Recipients</u>				
Federal Recipients				
Aged	1,094	1,092	1,103	11
Blind or Disabled	6,846	7,011	7,119	108
SUBTOTAL, FEDERAL RECIPIENTS	7,940	8,102	8,222	120
State Supplement Recipients (with no Federal SSI payment)	234	230	242	12
TOTAL SSI RECIPIENTS, Current Law	8,173	8,333	8,463	130
<i>SSI Recipients Concurrently Receiving</i>				
OASDI Benefits (included above)	2,770	2,819	2,863	44
<u>Average Monthly Benefit</u>				
Aged	\$367	\$376	\$388	\$12
Blind and Disabled	\$552	\$566	\$582	\$16
AVERAGE, All SSI Recipients	\$526	\$541	\$556	\$13
Projected COLA Payable in January	3.6%	1.7%	2.2%	0.5%

¹¹ The full-year FY 2013 appropriation was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 112-175). Since this continuing resolution does not fully fund the cap adjustment for FY 2013, the President's Budget proposes to provide an additional \$266 million in mandatory funding in FY 2013 allowed by the cap adjustment, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This additional funding would allow us to complete 650,000 periodic medical CDRs in FY 2013 instead of the 435,000 we currently expect to handle. The DI share of the funding is \$160 million; the SSI share is \$106 million.

¹² The President's Budget proposes a legislative proposal that would provide \$1.227 billion in mandatory program integrity funding for FY 2014. The DI share is \$640 million; the SSI share is \$587 million.

¹³ SSI payments due on October 1st in FY 2012 were included with payments for FY 2011 (i.e., there were 11 monthly payments in FY 2012). There will be 12 payments per year in FY 2013 and FY 2014.

¹⁴ Other" includes beneficiary services, research, and administrative costs.

¹⁵ States must reimburse SSA in advance for State Supplementary Payments. There will always be 12 state reimbursements in each fiscal year, but there can be 11, 12 or 13 benefit payments per fiscal year because a monthly payment is advanced into the end of the previous month anytime the due date falls on a weekend or holiday. Hence, the "Net State Supplementary Payment" numbers vary from year-to-year depending on the timing of the October benefit payments at the beginning and end of each fiscal year.

¹⁶ Totals may not equal sums of component parts due to rounding.

Table 8- Special Benefits for Certain WWII Veterans Overview (Outlays in millions)

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	Change FY 13/FY 14
Federal Benefits	\$6	\$6	\$5	-\$1
Administration	\$0 ¹⁷	\$1	\$1	\$0
TOTAL OUTLAYS	\$6	\$7	\$6	-\$1
Average Number of Beneficiaries (in thousands)	1	1	1	0
Average Monthly Benefit	\$347	\$412	\$419	\$7

Table 9- Administrative Outlays as a Percent of Trust Fund Income and Benefit Payments- FY 2014

	Percent of Income	Percent of Benefit Payments
OASI	0.3%	0.4%
DI	2.7%	2.1%
OASDI (combined)	0.6%	0.7%
SSI (Federal and State)	N/A	7.6%
TOTAL SSA¹⁸		1.4%

¹⁷ Less than \$500,000

¹⁸ Includes Hospital Insurance (HI) and Supplemental Medical Insurance (SMI) administrative outlays

Table 10- Tax Rates, Wage Base and Economic Assumptions

	CY 2012	CY 2013	CY 2014	Change CY 13/CY 14
<u>Employer/Employee Rates (each)</u>				
OASDI (Social Security)	6.2%/4.20% ¹⁹	6.20%	6.20%	0.0%
Hospital Insurance (HI) (Medicare)	1.45%	1.45%	1.45%	0.0%
EMPLOYEE TOTAL	5.65%	7.65%	7.65%	0.0%
<u>Self-Employment Rates</u>				
OASDI (Social Security)	10.40%	12.40%	12.40%	0.0%
HI (Medicare)	2.90%	2.90%	2.90%	0.0%
TOTAL	13.30%	15.30%	15.30%	0.0%
<u>Cost of Living Adjustments (COLAs)</u>				
January	3.6%	1.7%	2.2% ²⁰	0.5%
<u>Contribution and Benefit Base</u>				
OASDI	\$110,100	\$113,700	\$115,800 ¹⁹	\$2,100
HI	(no cap)	(no cap)	(no cap)	
<u>Annual Retirement Test</u>				
Year Individual Reaches Full Retirement Age	\$38,880	\$40,080	\$40,920 ¹⁹	\$840
Under Full Retirement Age	\$14,640	\$15,120	\$15,360 ¹⁹	\$240
<u>Wages Required for a Quarter of Coverage</u>	\$1,130	\$1,160	\$1,190¹⁹	\$30

¹⁹ For calendar years 2011 and 2012, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) and the Temporary Payroll Tax Cut Continuation Act of 2011 (P.L. 112-78), reduced employee FICA and SECA contributions from 6.2 percent to 4.2 percent. The self-employed rate was reduced from 12.4 percent to 10.4 percent.

²⁰ Estimate

Table 11- Selected Performance Measures

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
<u>Selected Workload Measures</u>			
Retirement and Survivors Claims Completed (thousands)	5,001	5,269	5,402
Initial Disability Claims Completed (thousands)	3,207	2,970	2,851
Reconsiderations Completed (thousands)	809	803	725
SSA Hearings Completed (thousands)	820	836	807
800-Number Transactions Handled (millions)	57	52	51
Average Speed of Answer (ASA) (seconds) ²¹	294	455	482
Agent Busy Rate (ABR) ²⁰	5%	10%	10%
Social Security Numbers Issued (millions)	17	16	16
Annual Earnings Items Completed (millions)	245	250	253
Social Security Statements Issued (millions)	24	9	155
<u>Selected Outcome Measures</u>			
Initial Disability Claims Pending (thousands)	708	796	910
Reconsiderations Pending (thousands)	198	179	208
SSA Hearings Pending (thousands)	817	816	831
Average Processing Time for Initial Disability Claims (days)	102	107	120
Average Processing Time for Initial Reconsiderations (days) ²²	N/A	N/A	TBD
September Average Processing Time for Hearings Decisions (days)	362	~380	~387
Disability Determination Services Production per Workyear	324	318	320
Office of Disability Adjudication and Review Production per Workyear	111	112	114
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	N/A	-2,100	-2,800
<u>Selected Outcome Measures</u>²³			
Periodic Continuing Disability Reviews (CDRs) Completed (thousands)	1,404	1,550	1,947
Periodic Medical CDRs (included above, thousands)	443	650	1,047
SSI Non-Disability Redeterminations Completed (thousands)	2,624	2,622	2,622

²¹ FY 2014 assumes full implementation of CARE 2020.

²² The Average Processing Time for Initial Reconsiderations performance measure is still under development.

²³ Reflects the levels of medical continuing disability reviews and redeterminations of SSI eligibility we project with full, timely, and sustained funding as outlined in the legislative proposal for mandatory PIAE. In FY 2013, this is 215,000 CDRs above the level we could complete with enacted funding.

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APPROPRIATION LANGUAGE

Payments to Social Security Trust Funds

For payment to the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, as provided under sections 201(m), 228(g), and 1131(b)(2) of the Social Security Act, [\$20,402,000] \$16,400,000. *Note.—A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Resolution, 2013 (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.*

GENERAL STATEMENT

The Payments to Social Security Trust Funds (PTF) account provides Federal fund payments to the Social Security trust funds for several distinct activities. The purpose of each requested payment is to put the trust funds in the same financial position they would have been in had they not borne the cost of certain benefits or administrative expenses chargeable to general revenues. This account includes payments requiring an annual appropriation and payments made to the trust funds under permanent indefinite authority.

ANNUAL APPROPRIATION

The annual PTF appropriation provides reimbursement to the Social Security trust funds for non-trust fund activities. These activities include special payments for certain uninsured persons (also known as Prouty Benefits), pension reform, interest on unnegotiated checks, and a quinquennial adjustment for military service wage credits.¹ The estimated annual appropriation and resulting obligations for FY 2014 are shown below.

Table 1.1—Annual Appropriation and Obligations

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY13 to FY14 Change
Appropriation	\$20,404,000	\$ 20,402,000	\$ 16,400,000	-\$ 4,002,000
Obligations	\$12,313,857	\$ 20,452,000	\$ 16,450,000	-\$4,002,000

PERMANENT INDEFINITE AUTHORITY

Amounts not subject to the annual appropriation include receipts from Federal income taxation of Social Security benefits, Federal Insurance Contribution Act (FICA) and Self-Employment Contribution Act (SECA) tax credits, reimbursement for Federal employee union administrative expenses, transfers to offset the financial effects of the Food, Conservation, and Energy Act of 2008, and reimbursements for the loss in FICA tax revenue resulting from the payroll tax holiday provided by the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 and extended by the Temporary Payroll Tax Cut Continuation Act of 2011. The permanent appropriation provides that the trust funds are credited for each of these revenue items.

Taxation of Social Security Benefits

The Social Security Amendments of 1983 provide for taxation of up to one-half of Social Security benefits in excess of certain income thresholds. The Omnibus Reconciliation Act of

¹ The quinquennial adjustment for military service wage credits is authorized to be appropriated every 5 years, if it is determined necessary. Appropriations are needed to effectuate transfers from the general funds to the trust funds, but not from trust funds to general funds.

1993, P.L. 103-66, amended this provision so that up to 85 percent of benefits could be subject to taxation. The additional amounts collected from this 1993 provision are paid to the Hospital Insurance Trust Fund; no additional income is due the Social Security trust funds as a result of the enactment of the 1993 law.

The taxes are collected as Federal income taxes; subsequently, an equivalent payment to the Social Security trust funds is made from the general funds of the Treasury. Transfers of estimated aggregate tax liabilities arising from Social Security benefits of U.S. citizens are made quarterly and then adjusted as actual receipts are known. The estimated income from these taxes is \$24,075 million in FY 2013 and \$28,999 million in FY 2014 from U.S. citizens; taxes imposed on aliens are transferred monthly and will generate estimated income of \$181 million in FY 2013 and \$193 million in FY 2014. The estimates for taxation of benefits reflect normal growth related to benefit levels and the beneficiary population.

FICA and SECA Tax Credits

The Social Security Amendments of 1983 also provided for the granting of FICA and SECA tax credits to individuals. The tax credits are granted at the time the individual is taxed and are funded by the general funds of the Treasury through reimbursement to the trust funds. The FICA tax credit applies only to wages earned in calendar year 1984. The SECA tax credit applies from calendar year 1984 through calendar year 1989. There are small periodic adjustments made due to tax credits being applied retroactively.

Reimbursement for Employee Union Expenses

In addition to taxation of benefits and tax credits, the PTF account includes reimbursement to the trust funds from general funds, including interest, for certain administrative expenses incurred in support of Federal employee union activities. This reimbursement is included in SSA's Limitation on Administrative Expenses appropriation.

Transfers to Offset Two Coverage Provisions

Section 15361 of P.L. 110-246, the Food, Conservation, and Energy Act of 2008, provides for annual transfers from the general fund of the Treasury to the OASDI trust funds in FYs 2009 through 2017 to roughly offset the financial effects of the law's two coverage provisions. Section 15301 of P.L. 110-246 excludes Conservation Reserve Program payments from SECA coverage for OASDI beneficiaries, and Section 15352 increases the limit for the optional method for computing earnings from self-employment. The transfers will be \$8 million per year both in FY 2013 and FY 2014.

Reimbursement for Payroll Tax Holiday

P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, reduced employees' payroll contributions from 6.2 percent to 4.2 percent for calendar year 2011. P.L. 112-78, the Temporary Payroll Tax Cut Continuation Act of 2011, amended P.L. 111-312 to extend the reduced payroll contributions through February 29, 2012. On February 22, 2012, a new law, the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) extended the reduced rate through December 31, 2012. The general funds continue to reimburse the trust funds for this loss in tax revenue. While the estimated reimbursement from the general fund for the payroll tax holiday is \$31,781 million in FY 2013, we project a \$837 million transfer

Payments to Social Security Trust Funds

from the trust funds in FY 2014. We expect additional adjustments will occur for several years as a result of the payroll tax holiday.

BUDGETARY RESOURCES

The PTF annual appropriation request for FY 2014 is \$16,400,000. SSA expects to make \$28,390,450,000 in payments to the trust funds in FY 2014, including amounts appropriated under permanent indefinite authority.

Table 1.2—Amounts Available for Obligation

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Annual Appropriation	\$ 20,404,000	\$ 20,402,000	\$ 16,400,000
Permanent Appropriation	\$ 140,342,923,690	\$ 56,056,000,000	\$ 28,374,000,000
Total Appropriation	\$ 140,363,327,690	\$ 56,076,402,000	\$ 28,390,400,000
Unobligated Balance, Start-of-Year	\$ 12,885,549	\$ 12,876,235	\$ 12,826,235
Subtotal Budgetary Resources	\$ 140,376,213,239	\$ 56,089,278,235	\$ 28,403,226,235
Obligations	(\$ 140,355,246,860)	(\$ 56,076,452,000)	(\$ 28,390,450,000)
Unobligated Balance, End-of-Year	\$ 12,876,235	\$ 12,826,235	\$ 12,776,235
Unobligated Balance, Lapsing	\$ 8,090,144	\$ 0	\$ 0

The unobligated balances represent funds appropriated for the Coal Industry Retiree Health Benefits Act (CIRHBA) in FY 1996 and FY 1997 and made available until expended. The lapsed unobligated balances represent the amount of the annual appropriation not obligated in the current year.

ANALYSIS OF CHANGES

The FY 2014 annual appropriation request is \$4,002,000 less than the FY 2013 estimate. The obligations reported below include CIRHBA activity, funded from unobligated balances carried forward from prior years. These funds were provided in FY 1996 and FY 1997 and remain available until expended.

Table 1.3—Summary of Changes

	FY 2013 Estimate	FY 2014 Estimate	<i>FY13 to FY14 Change</i>
Appropriation	\$ 20,402,000	\$ 16,400,000	<i>-\$ 4,002,000</i>
Obligations	\$ 20,452,000	\$ 16,450,000	<i>-\$ 4,002,000</i>

The amounts of the annual appropriation and related obligations are \$4,002,000 less in FY 2014 than FY 2013. This is due to the expectation that the Treasury Department's new direct deposit requirement will reduce the volume of uncashed checks, thereby decreasing the need for unnegotiated check reimbursements. We also no longer require reimbursement for the Special Payments for Certain Uninsured Persons activity, because the last recipient of these benefits passed away in January, 2011.

BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

The table below displays the budget authority and obligations for each of the PTF activities funded by the annual appropriation. Coal Industry Retiree Health Benefit obligations are funded from prior year unobligated balances.

**Table 1.4—New Budget Authority & Obligations, Current Authority
(in thousands)**

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
<u>Appropriation</u>			
Special Payments for Certain Uninsured Persons	\$ 4	\$ 2	\$ 0
Pension Reform	\$ 6,400	\$ 6,400	\$ 6,400
Unnegotiated Checks	\$ 14,000	\$ 14,000	\$ 10,000
Quinquennial Adj. for Military Wage Credits	\$ 0	\$ 0	\$ 0
Coal Industry Retiree Health Benefits	\$ 0	\$ 0	\$ 0
Total Annual Appropriation	\$ 20,404	\$ 20,402	\$ 16,400
<u>Obligations</u>			
Special Payments for Certain Uninsured Persons	\$ 4	\$ 2	\$ 0
Pension Reform	\$ 6,400	\$ 6,400	\$ 6,400
Unnegotiated Checks	\$ 5,910	\$ 14,000	\$ 10,000
Quinquennial Adj. for Military Wage Credits	\$ 0	\$ 0	\$ 0
Coal Industry Retiree Health Benefits	\$9	\$ 50	\$ 50
Total Obligations	\$ 12,323	\$ 20,452	\$ 16,450

Payments to Social Security Trust Funds

The table below displays budget authority and obligations for the PTF activities not subject to the annual appropriation. This includes taxation of benefits, FICA and SECA tax credits, reimbursement for certain union administrative expenses, transfers to offset the financial effects of the Food, Conservation, and Energy Act of 2008, and reimbursements for the employee payroll tax holiday. The actual amount appropriated for these activities is determined by the actual amount collected from, or to be reimbursed for, each activity.

**Table 1.5—Budget Authority and Obligations,
Permanent Indefinite Authority
(in thousands)**

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
<u>Appropriation</u>			
Reimb. for Union Administrative Expenses	\$ 7,494	\$ 11,000	\$ 11,000
Food, Conservation, and Energy Act, 2008 ¹	\$ 7,000	\$ 8,000	\$ 8,000
Employee Payroll Tax Holiday ²	\$ 112,794,712	\$ 31,781,000	\$ -837,000
Taxation of Benefits, U.S.	\$ 27,362,649	\$ 24,075,000	\$ 28,999,000
Taxation of Benefits, Nonresident Alien	\$ 171,000	\$ 181,000	\$ 193,000
FICA Tax Credits	\$ 0	\$ 0	\$ 0
SECA Tax Credits	\$ 69	\$ 0	\$ 0
Total Permanent Appropriation	\$ 140,342,924	\$ 56,056,000	\$ 28,374,000
<u>Obligations</u>			
Reimb. for Union Administrative Expenses	\$ 7,494	\$ 11,000	\$ 11,000
Food, Conservation, and Energy Act, 2008	\$ 7,000	\$ 8,000	\$ 8,000
Employee Payroll Tax Holiday	\$ 112,794,712	\$ 31,781,000	\$ -837,000
Taxation of Benefits, U.S.	\$ 27,362,649	\$ 24,075,000	\$ 28,999,000
Taxation of Benefits, Nonresident Alien	\$ 171,000	\$ 181,000	\$ 193,000
FICA Tax Credits	\$ 0	\$ 0	\$ 0
SECA Tax Credits	\$ 69	\$ 0	\$ 0
Total Obligations	\$ 140,342,924	\$ 56,056,000	\$ 28,374,000

¹ P.L. 110-246, the Food, Conservation, and Energy Act of 2008 (H.R. 6124) provided that SSA's trust funds would be reimbursed for lost income resulting from enacted changes to the reporting of self-employment income (SECA taxes). The bill established that SSA would be reimbursed from FY 2009 to FY 2017.

² P.L. 111-312, the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (H.R. 4853), reduced employees' payroll contributions from 6.2 percent to 4.2 percent for calendar year 2011. P.L. 112-78, the Temporary Payroll Tax Cut Continuation Act of 2011 (H.R. 3765) amended P.L. 111-312 to extend the reduced payroll contributions through February 29, 2012. On February 22, 2012, a new law, the Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96) extended the reduced rate through December 31, 2012. The general funds reimburse the trust funds for the loss in tax revenue (Title VI, Sec 601).

OBLIGATIONS BY OBJECT

The table below displays the obligations by object class for the total PTF account (annually and permanently appropriated funds).

**Table 1.6—Obligations by Object
(in thousands)**

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Other Services ¹	\$ 26,886	\$ 39,452	\$ 35,450
Financial Transfers	\$ 27,533,649	\$ 24,256,000	\$ 29,192,000
Financial Transfers: Employee Payroll Tax Holiday	\$ 112,794,712	\$ 31,781,000	\$ -837,000
Total Obligations	\$ 140,355,247	\$ 56,076,452	\$ 28,390,450

¹ Other Services line in Schedule O in MAX displays \$14 million for FY 2012 actual. However, for consistency across the fiscal years, FY 2012 figure in this table includes the Reimbursement for Union Administrative Expenses and the effect of the Food, Conservation, and Energy Act of 2008.

BACKGROUND

AUTHORIZING LEGISLATION

The PTF account is authorized by the sections of the Social Security Act described below.

Table 1.7—Authorizing Legislation (in thousands)

	Amount Authorized	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Special payments for certain uninsured persons (Prouty): Social Security Act (S.S. Act), section 228(g)	Indefinite	\$ 4	\$ 2	\$ 0
Pension reform: S.S. Act, section 1131(b)(2)	Indefinite	\$ 6,400	\$ 6,400	\$ 6,400
Unnegotiated checks: S.S. Act, section 201(m); Social Security Amendments of 1983, section 152	Indefinite	\$ 14,000	\$ 14,000	\$ 10,000
Coal industry retiree health benefits: Internal Revenue Code of 1986, sections 9704 and 9706; Energy Policy Act of 1992, section 19141	Indefinite	\$ 0	\$ 0	\$ 0
Quinquennial adjustment for military service wage credits: S.S. Act, section 217(g)	Indefinite	\$ 0	\$ 0	\$ 0
Subtotal Annual PTF Appropriation	—	\$ 20,404	\$ 20,402	\$ 16,400
Reimbursement for union administrative expenses: FY 2002 Social Security Appropriations Act	Permanent Indefinite	\$ 7,494	\$ 11,000	\$ 11,000
Food, Conservation, and Energy Act, 2008: P.L. 110-246, section 15361	Permanent	\$ 7,000	\$ 8,000	\$ 8,000
Employee payroll tax holiday: P.L. 111-312, section 601, as amended by Temporary Payroll Tax Cut Continuation Act: P.L. 112-78	Permanent Indefinite	\$ 112,794,712	\$ 31,781,000	\$ -837,000
Taxation of benefits, U.S.: Social Security Amendments of 1983, section 121	Permanent Indefinite	\$ 27,362,649	\$ 24,075,000	\$ 28,999,000
Taxation of benefits, nonresident aliens: Social Security Amendments of 1983, section 121	Permanent Indefinite	\$ 171,000	\$ 181,000	\$ 193,000
SECA tax credits: Social Security Amendments of 1983, section 124(b)	Permanent Indefinite	\$ 69	\$ 0	\$ 0
Total Appropriation	—	\$ 140,363,328	\$ 56,076,402	\$ 28,390,400

APPROPRIATION HISTORY

The table below displays the annual appropriation requested by SSA, amounts approved by the House and Senate, and the amount ultimately appropriated by Congress. This does not include amounts appropriated under permanent indefinite authority. The FY 2006 appropriation included a supplemental appropriation for hurricane relief. The FY 2007 appropriation included a one-time reimbursement to the trust funds for an overpayment made from the trust funds to the IRS. The quinquennial adjustment for Military Service Wage Credits is included in the FY 2008 and FY 2011 enacted appropriations. The FY 2008 appropriation also included funds to administer economic recovery payments to beneficiaries.

Table 1.8—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
2003	\$ 20,400,000	— ¹	\$ 20,400,000 ²	\$ 20,400,000 ³
2004	\$ 21,658,000	\$ 21,658,000 ⁴	\$ 21,658,000 ⁵	\$ 21,658,000 ⁶
2005	\$ 20,454,000	\$ 20,454,000 ⁷	\$ 20,454,000 ⁸	\$ 20,454,000 ⁹
2006	\$ 20,470,000	\$ 20,470,000 ¹⁰	\$ 20,470,000 ¹¹	\$ 20,470,000 ¹²
Supplemental ¹³				\$ 38,000,000
2007 ¹⁴	\$ 27,756,000	\$ 27,756,000 ¹⁵	\$ 27,756,000 ¹⁶	\$ 20,416,000 ¹⁷
Trust Funds Restoration Act ¹⁸				\$ 1,297,614,000
2008 ¹⁹	\$ 28,140,000	\$ 28,140,000 ²⁰	\$ 28,140,000 ²¹	\$ 28,140,000 ²²
Economic Stimulus Act ²³				\$ 31,000,000
2009	\$ 20,406,000	— ²⁴	\$ 20,406,000 ²⁵	\$ 20,406,000 ²⁶
2010	\$ 20,404,000	\$ 20,404,000 ²⁷	\$ 20,404,000 ²⁸	\$ 20,404,000 ²⁹
2011 ³⁰	\$ 21,404,000	— ³¹	\$ 21,404,000 ³²	\$ 21,404,000 ³³
2012	\$ 20,404,000	— ³⁴	\$ 20,404,000 ³⁵	\$ 20,404,000 ³⁶
2013	\$ 20,402,000	— ³⁷	\$ 20,402,000 ³⁸	
2014	\$ 16,400,000			

¹ The House Committee on Appropriations did not report a bill. Appropriations Chairman Regula introduced H.R. 246, which included \$20,400,000.

² S. 2766.

³ Consolidated Appropriations Resolution, 2003 (P.L. 108-7).

⁴ H.R. 2660.

⁵ S. 1356.

⁶ Consolidated Appropriations Act, 2004 (P.L. 108-199).

⁷ H.R. 5006.

⁸ S. 2810.

⁹ Consolidated Appropriations Act, 2005 (P.L. 108-447).

¹⁰ H.R. 3010.

¹¹ H.R. 3010, reported from Committee with an amendment.

¹² Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149).

¹³ FY 2006 Supplemental Appropriation providing for hurricane relief.

- ¹⁴ The FY 2007 request included \$7,340,000 for the quinquennial adjustment to the Federal Disability Insurance Trust Fund for the costs of granting noncontributory credit for military service. This was not appropriated for FY 2007.
- ¹⁵ H.R. 5647.
- ¹⁶ S. 3708.
- ¹⁷ Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5).
- ¹⁸ Appropriation provided by the Social Security Trust Funds Restoration Act of 2006 (P.L. 109-465), to repay the Social Security trust funds for an overpayment to the Internal Revenue Service for Voluntary Income Tax Withholding.
- ¹⁹ Includes \$7,727,000 for the quinquennial adjustment to the Federal Disability Insurance Trust Fund for the costs of granting noncontributory credit for military service.
- ²⁰ H.R. 3043.
- ²¹ S. 1710.
- ²² Consolidated Appropriations Act, 2008 (P.L. 110-161).
- ²³ Appropriation provided by the Economic Stimulus Act of 2008, P.L. 110-185, for agency administrative costs related to stimulus payments to Social Security beneficiaries.
- ²⁴ The House Committee on Appropriations did not report a bill.
- ²⁵ S. 3230.
- ²⁶ Omnibus Appropriations Act, 2009 (P.L. 111-8).
- ²⁷ H.R. 3293.
- ²⁸ H.R. 3293, reported from Committee with an amendment.
- ²⁹ Consolidated Appropriations Act, 2010 (P.L. 111-117).
- ³⁰ Requested \$1 million in FY 2011 for the quinquennial adjustment for military service wage credits from the general funds to the Federal Disability Insurance Trust Fund. However, we later determined that transfers should be made from the trust funds to the general fund in FY 2011.
- ³¹ The House Committee on Appropriations did not report a bill.
- ³² S. 3686.
- ³³ Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).
- ³⁴ The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$20,404,000.
- ³⁵ S. 1599.
- ³⁶ Consolidated Appropriations Act, 2012 (P.L. 112-74).
- ³⁷ The House Committee on Appropriations did not report a bill. The Committee posted a draft bill which included \$20,402,000.
- ³⁸ S. 3295.

SPECIAL PAYMENTS FOR CERTAIN UNINSURED PERSONS

Authorizing Legislation: Section 228(g) of the Social Security Act.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASI Trust Fund for the costs of special payments made to certain persons who were not insured for regular Social Security benefits (also known as “Special Age-72 Benefits” or “Prouty Benefits”). Section 228(g) of the Social Security Act, as amended, authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund (with interest) for special monthly benefits paid during the second preceding fiscal year to persons with fewer than three quarters of coverage. The annual appropriation also includes adjustments for prior years, as necessary.

Table 1.9—Special Payments for Certain Uninsured Persons: Budget Authority

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY13 to FY14 Change
Budget Authority	\$ 4,000	\$ 2,000	\$ 0	-\$2,000

Benefits were authorized in a 1966 amendment to the Social Security Act (the Prouty amendment) providing for special payments to persons aged 72 and over who were too elderly to have worked long enough after passage of the Act to be insured for Social Security benefits. To be eligible under the Prouty amendment, an individual must either have attained age 72 before 1968 (general fund reimbursed payments), or meet certain minimal insured status requirements if he or she attained age 72 in 1968 or later (trust fund payments, no beneficiaries remain). For individuals receiving a government pension, payments under a Federally-aided public assistance program, or payments under the Supplemental Security Income program, Prouty benefits are reduced or withheld, as required by law.

The number of persons receiving benefits under the Prouty amendment decreased gradually as the size of the aged population meeting the eligibility requirements decreased. The last beneficiary passed away in January 2011. Therefore, appropriations are not needed for FY 2014 and thereafter.

Table 1.10—Special Payments for Certain Uninsured Persons: Obligations

Fiscal Year	Obligations
FY 2005	\$ 54,000
FY 2006	\$ 70,000
FY 2007	\$ 16,000
FY 2008	\$ 13,000
FY 2009	\$ 5,820
FY 2010	\$ 3,350
FY 2011	\$ 3,515
FY 2012	\$ 3,483
FY 2013 Estimate	\$ 2,000
FY 2014 Estimate	\$0

PENSION REFORM

Authorizing Legislation: Section 1131(b)(2) of the Social Security Act.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASI Trust Fund for the cost of certain pension reform activities chargeable to Federal funds.

Table 1.11—Pension Reform: Budget Authority

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY13 to FY14 Change
Budget Authority	\$ 6,400,000	\$ 6,400,000	\$ 6,400,000	\$ 0

The Employee Retirement Income Security Act of 1974, P.L. 93-406 (Pension Reform Act, also known as ERISA) established section 1131 of the Social Security Act. This requires the Commissioner of Social Security to furnish information regarding deferred vested pension rights to pension plan participants (and their dependents or survivors), either upon request or automatically upon application for retirement, survivors, or disability insurance benefits.

Each time an employee leaves employment that earned him or her vested rights to a pension, SSA or its contractor representative receives related information from the IRS in either paper or electronic format. SSA controls, scans (using optical character recognition), and, if necessary, keys the paper forms and transfers the data to the ERISA mainframe system. This data, along with electronic data received from the IRS, is added to the ERISA Master Files after name verification against the NUMIDENT (SSN record) database takes place. Each month, an activity file of new benefit applications is compared to the ERISA Master Files. SSA sends an ERISA notice of pension plan eligibility to individuals included in both the activity file and the ERISA Master Files. This notice includes the information the worker needs to contact the pension plan administrator. SSA staff also resolves exceptions and responds to inquiries from employers and the public.

Section 1131(b)(1) permits the administrative expenses of carrying out this pension reform work to be funded initially from the OASI Trust Fund through SSA's Limitation on Administrative Expenses. Section 1131(b)(2) authorizes an annual appropriation of Federal funds to reimburse the OASI Trust Fund. To the extent that resources needed to process this workload exceed the budget authority available for reimbursement in the current year, reimbursement is made to the OASI Trust Fund at the beginning of the subsequent year, including interest as appropriate. SSA began to incur pension reform administrative expenses in FY 1977.

Table 1.12—Pension Reform: Obligations

Fiscal Year	Obligations
FY 2006	\$ 1,942,000
FY 2007	\$ 1,125,000
FY 2008	\$ 1,200,000
FY 2009	\$ 813,000
FY 2010	\$ 2,022,000
FY 2011 ¹	\$ 3,802,000
FY 2012	\$ 6,400,000
FY 2013 Estimate	\$ 6,400,000
FY 2014 Estimate	\$ 6,400,000

RATIONALE FOR BUDGET REQUEST

The FY 2014 budget requests \$6,400,000 to reimburse the OASI Trust Fund for the cost of carrying out SSA's responsibilities under the Pension Reform Act. The FY 2014 request is the same as in the FY 2013 budget. The table below summarizes the recent trend of pension coverage report receipts:

Table 1.13—Receipts from Pension Coverage Reports

Fiscal Year	Pension Coverage Report Receipts
FY 2002	3,003,000
FY 2003	1,570,000
FY 2004	5,621,371
FY 2005	5,363,409
FY 2006	6,003,014
FY 2007	5,397,935
FY 2008	5,554,314
FY 2009	6,073,898
FY 2010	6,334,329
FY 2011 ²	68,159
FY 2012	10,454,215

¹ Obligations for Pension Reform increased in FY 2011 despite a downturn in report receipts due to costs incurred to support the conversion of ERISA microfilm to computer images, as well as other IT-related costs.

² Because IRS created a new paper form (IRS Form 8955-SSA) for filers and a new electronic filing system in FY 2011, most of the pension coverage report receipts were input into the system in FY 2012 (i.e., FY 2012 receipts essentially represent 2 years of receipts).

UNNEGOTIATED CHECKS

Authorizing Legislation: Section 201(m) of the Social Security Act and Section 152 of P.L. 98-21.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASI and DI Trust Funds for the value of interest on benefit checks that are cashed after 6 months or subsequently cancelled.

Table 1.14—Unnegotiated Checks: Budget Authority

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY13 to FY14 Change
Budget Authority	\$ 14,000,000	\$ 14,000,000	\$ 10,000,000	-\$ 4,000,000

This activity was originally established to reimburse the trust funds for uncashed benefit checks and accrued interest. Beginning October 1, 1989, Social Security checks, like those issued by other Federal agencies, are negotiable for only 12 months from their date of issue under the provisions of the Competitive Equality Banking Act (CEBA) of 1987 (P.L. 100-86). In the 14th month after issue, the Department of the Treasury prepares a listing of checks outstanding from each agency, cancels those checks, and refunds the value of checks canceled to the authorizing agencies. Under this "Limited Payability" procedure, the value of unnegotiated checks issued on or after October 1, 1989 are credited directly to the trust funds from Treasury's general fund when the checks are canceled, pursuant to P.L. 100-86. These funds do not pass through the Payments to Social Security Trust Funds account. However, the interest adjustment must be paid through this account because CEBA made no provision for it.

This appropriation funds the estimated ongoing level of activity and represents the value of interest for unnegotiated OASDI benefit checks.

Table 1.15—Unnegotiated Checks: Obligations

Fiscal Year	Obligations
FY 2007	\$ 10,084,755
FY 2008	\$ 11,169,140
FY 2009	\$ 8,756,319
FY 2010	\$ 7,435,351
FY 2011	\$ 7,471,475
FY 2012	\$ 5,910,374
FY 2013 Estimate	\$ 14,000,000
FY 2014 Estimate	\$ 10,000,000

The actual interest reflects the ongoing shift of beneficiaries away from the paper check method of benefit payment to direct deposit. On December 21, 2010, the Department of Treasury published a final rule amending 31 Code of Federal Regulations Part 208 to require recipients of federal benefit and nontax payments to receive their payments by electronic funds transfer. People who apply for Social Security benefits on or after May 1, 2011 receive their payments electronically. Many people who previously received federal benefit checks before May 1, 2011 have switched to an electronic payment. As a result, the final rule has decreased the volume of unnegotiated benefit checks, and we expect this trend to continue. Our request for FY 2014 reflects these changes. Benefits paid via direct deposit bypass the mechanism in which there is the possibility of an uncashed check. However, the effect of the growth in direct deposit participation on unnegotiated check interest is somewhat offset by increases in the number of beneficiaries and in the average monthly benefit payments. The following table summarizes the recent trend in the percentage of OASDI beneficiaries enrolled in the direct deposit payment program.

Table 1.16—Direct Deposit Participation Rate

	Direct Deposit Participation Rate
December 2004	82%
December 2005	83%
December 2006	84%
December 2007	85%
December 2008	86%
December 2009	87%
December 2010	88%
December 2011	91%
December 2012	95%

RATIONALE FOR BUDGET REQUEST

The FY 2014 request is for \$10,000,000 to reimburse the OASDI Trust Funds for the value of interest on unnegotiated checks. The FY 2014 request is \$4 million lower than the FY 2013 estimate.

Table 1.17—Unnegotiated Checks: Budget Authority by Trust Fund

	FY 2014 Estimate
OASI Trust Fund	\$ 8,000,000
DI Trust Fund	\$ 2,000,000
Total	\$ 10,000,000

COAL INDUSTRY RETIREE HEALTH BENEFITS

Authorizing Legislation: Sections 9704 and 9706 of the Internal Revenue Code of 1986 as amended by section 19141 of the Energy Policy Act of 1992.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASDI Trust Funds for work carried out under section 19141 of the Energy Policy Act of 1992 (Public Law 102-486), which established the Coal Industry Retiree Health Benefit Act of 1992 (CIRHBA).

Table 1.18—Coal Industry Retiree Health Benefits: Obligations

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY13 to FY14 Change
New Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0
Obligations	\$ 9,314	\$ 50,000	\$ 50,000	\$ 0

CIRHBA combined two existing United Mine Workers of America (UMWA) pension plans into a single fund and required that certain existing coal mine operators pay health benefit premiums for the new combined plan. The law directed the Commissioner of Social Security to:

- Search the earnings records of the group of retired coal miners covered by the combined plan;
- Determine which retirees should be assigned to which mine operators;
- Notify the involved mine operators of the names and Social Security numbers of eligible beneficiaries who have been assigned to them;
- Process appeals from operators who believe that assignments have been made incorrectly; and
- Compute the premiums based on a formula established in the Act.

PROGRESS TO DATE

SSA has completed initial decisions and reviews on all of the retired miners covered under the provisions of the 1992 CIRHBA. In addition, SSA implemented the Coal Act provisions of the Tax Relief and Health Care Act of 2006 (P.L. 109-432), which significantly affected and restructured CIRHBA. SSA carefully reviewed the legislation, obtained legal advice, and assessed how P.L. 109-432 affected existing policies and procedures. SSA complied with the provision that specifically directed the Commissioner to “revoke all assignments to persons other than 1988 agreement operators for purposes of assessing premiums for plan years beginning on or after October 1, 2007.”

SSA devoted considerable time and resources to comply with P.L. 109-432. All court cases challenging SSA’s involvement in the Coal Act are now closed. There is no active litigation. SSA has also completed its obligation to provide yearly data on miner assignments to the UMWA Combined Benefit Fund. However, SSA’s Office of the Actuary continues to compute the per beneficiary premiums on a yearly basis.

This account provides general fund reimbursement to the trust funds to the extent that the Limitation on Administrative Expenses account advances funds for SSA to carry out this work. Additional funds are not requested for FY 2014 because the balance of the \$10,000,000 per year appropriated in FY 1996 and in FY 1997 remains available until expended to reimburse the trust funds.

MILITARY SERVICE WAGE CREDITS

Authorizing Legislation: Section 217(g) of the Social Security Act.

PURPOSE AND METHOD OF OPERATION

The purpose of this payment is to reimburse the OASDI trust funds, as necessary, for the costs of granting noncontributory wage credits for pre-1957 military service, as authorized by Section 217(g). Payments to the trust funds for this purpose are authorized to be made every five years.

Table 1.19—Military Service Wage Credits: Budget Authority

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY13 to FY14 Change
Budget Authority	\$ 0	\$ 0	\$ 0	\$ 0

Pre-1957 Military Service: The 1946 Social Security Amendments provided for payment of Social Security benefits to World War II veterans and their survivors based upon noncontributory wage credits of \$160 for each month of the veteran's active military service. Subsequent amendments extended the period for which these credits were granted through December 1956. For that period, the Social Security Act did not require contributions to the trust funds based on the wages of individuals in the military service. To finance the additional costs incurred in paying benefits, which are based on periods of military service before 1957 for which no contributions were made, the Social Security Act provides for reimbursement to the OASI and the DI trust funds from the general fund of the Treasury.

The Social Security Amendments of 1983 modified section 217(g) to reimburse the trust funds in a lump sum for the present value of all future benefits arising from the gratuitous credits granted for military service before 1957. This provision directed the Secretary of the Treasury to transfer the pre-1957 wage credit lump sum to the trust funds within 30 days after enactment of the legislation. This lump sum settlement, which covered periods through September 30, 2015, is subject to adjustment every fifth year beginning in 1985. For periods beginning FY 2016, the Commissioner of Social Security will determine the adjustments on the basis of benefits and administrative costs actually paid under section 217(g) and relevant actuarial assumptions in the Social Security Trustees Report. Under the 1983 amendments, the only costs of pre-1957 military service credits to these appropriations will be any additional payments due as a result of these adjustment determinations.

Following the initial transfers from the general fund to the trust funds in 1983 and 1985, the quinquennial adjustments resulted in the transfer of funds from SSA's trust funds to the general fund of the Treasury each time until the 2000 determination was prepared. In that year, it was determined that the general fund owed a payment to the OASI trust fund instead. The FY 2002 appropriation for this transfer, including interest, was \$414,000,000. Appropriations are not needed whenever quinquennial transfers are determined to be due from the trust funds to the general fund.

Payments to Social Security Trust Funds

We initially requested \$1 million in FY 2011 for a transfer from the general funds to the Federal Disability Insurance Trust Fund, but later analysis by the Office of the Chief Actuary determined that transfers should instead be made from the OASDI trust funds to the general fund. On December 30, 2010, \$113 million was transferred to the general fund from the OASI trust fund and \$3 million was transferred from the DI trust fund.

We are not requesting funds for FY 2014. The next quinquennial adjustment is expected in FY 2015.

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APPROPRIATION LANGUAGE

SUPPLEMENTAL SECURITY INCOME PROGRAM

For carrying out titles XI and XVI of the Social Security Act, section 401 of Public Law 92-603, section 212 of Public Law 93-66, as amended, and section 405 of Public Law 95-216, including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, [~~\$40,043,000,000~~] \$40,737,000,000, to remain available until expended: *Provided*, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury: *Provided further*, That not more than [~~\$48,000,000~~] \$54,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, [~~2014~~] 2015.

For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary.

For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year [~~2014~~]2015, [~~\$19,300,000,000~~] \$19,700,000,000, to remain available until expended. *Note—A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Resolution, 2013 (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.*

LANGUAGE ANALYSIS

The appropriation language provides the Social Security Administration (SSA) with the funds needed to carry out its responsibilities under the Supplemental Security Income (SSI) program. This includes the funds needed to pay Federal benefits, administer the program, and provide beneficiary services to recipients. The budget authority for these activities is made available until expended, providing SSA the authority to carryover unobligated balances for use in future fiscal years. In addition, a portion of this funding is made available for SSA to conduct research and demonstration projects, which is available for two years, providing SSA the authority to carryover unobligated balances into the next fiscal year.

In addition, the language provides SSA with indefinite authority beginning June 15 in the event Federal benefit payment obligations in FY 2014 are higher than expected and SSA does not have sufficient unobligated balances to cover the difference. Consistent with previous years, the appropriation also includes an advance appropriation for Federal benefit payments in the first quarter of FY 2015 to ensure the timely payment of benefits in case of a delay in the FY 2015 appropriations bill.

Table 2.1—Appropriation Language Analysis

Language provision	Explanation
"For carrying out titles XI and XVI of the Social Security Act... including payment to the Social Security trust funds for administrative expenses incurred pursuant to section 201(g)(1) of the Social Security Act, \$40,737,000,000, to remain available until expended."	Appropriates funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects under the SSI program. SSA may carryover unobligated balances for use in future fiscal years.
"Provided, That any portion of the funds provided to a State in the current fiscal year and not obligated by the State during that year shall be returned to the Treasury."	Ensures that states do not carry unobligated balances of Federal funds into the subsequent fiscal year. Applies primarily to the beneficiary services activity.
Provided further, That not more than \$54,000,000 shall be available for research and demonstrations under sections 1110, 1115, and 1144 of the Social Security Act and remain available through September 30, 2015.	Specifies that not more than \$54 million of the SSI appropriation is available for research and demonstration projects. SSA may carryover unobligated balances for use in the subsequent year.
"For making, after June 15 of the current fiscal year, benefit payments to individuals under title XVI of the Social Security Act, for unanticipated costs incurred for the current fiscal year, such sums as may be necessary."	Provides an indefinite appropriation to finance any shortfall in the definite appropriation for benefit payments during the last months of the fiscal year.
"For making benefit payments under title XVI of the Social Security Act for the first quarter of fiscal year 2015, \$19,700,000,000, to remain available until expended."	Appropriates funds for benefit payments in the first quarter of the subsequent fiscal year. Ensures that recipients will continue to receive benefits during the first quarter of FY 2015 in the event of a temporary funding hiatus.

GENERAL STATEMENT

The SSI program guarantees a minimum level of income to financially needy individuals who are aged, blind, or disabled. The program was created in 1972 by Title XVI of the Social Security Act and payments began January 1974. It is Federally-administered and funded from general revenues.

Prior to the establishment of the SSI program, the Social Security Act provided means-tested assistance through three separate programs—Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled. Federal law only established broad guidelines, with each state largely responsible for setting its own eligibility and payment standards. The SSI program was established to provide uniform standards across states.

Table 2.2—Summary of Appropriations and Obligations
(in thousands)

	FY 2012 Actual	FY 2013¹ Estimate	FY 2014 Estimate²	Change
Appropriation	\$ 51,220,550	\$ 57,046,166	\$ 60,037,000	+\$ 2,990,834
Obligations	\$ 50,708,889	\$ 57,846,238	\$ 60,082,000	+ \$ 2,235,762
First Quarter Advance Appropriation for Subsequent Fiscal Year	\$ 18,200,000	\$19,300,000	\$ 19,700,000	+ \$ 400,000

PROGRAM OVERVIEW

Eligibility Standards

As a means-tested program, individuals must have income and resources below specified levels to be eligible for benefits. Rules allow some specific categories of income and resources to be either totally or partially excluded.

An individual's benefit payment is reduced dollar for dollar by the amount of their "countable income"—income less all applicable exclusions—in a given month. Income in the SSI program includes "earned income" such as wages and net earnings from self-employment; and "unearned income" such as Social Security benefits, unemployment compensation, deemed income from a spouse or parent, and the value of in-kind support and maintenance such as food and shelter. Different exclusion rules apply for different types of income.

¹ The President's Budget proposes to provide \$266 million in mandatory administrative funding in FY 2013. Of the \$266 million, the SSI portion totals \$106 million.

² The President's Budget proposes to provide \$1.2 billion in mandatory administrative funding in FY 2014. Of the \$1.2 billion, the SSI portion totals \$587 million.

Incentives for Work and Opportunities for Rehabilitation

The SSI program is designed to help recipients with disabilities achieve independence by encouraging and supporting their attempts to work. The program includes a number of work incentive provisions that enable recipients who are blind or disabled to work and retain benefits. The program also includes provisions to help disabled beneficiaries obtain vocational rehabilitation and employment support services. These provisions were revised by legislation establishing the Ticket to Work program, discussed in more detail in the Beneficiary Services section.

State Supplementation

Supplementation is mandatory for certain recipients who were on state rolls just prior to the creation of the Federal program on January 1, 1974. Otherwise, states are encouraged to supplement the Federal benefit and may elect to have their state supplementation program administered by SSA. States that choose to have SSA administer their program reimburse SSA in advance and SSA makes the payment on behalf of the state. Participating states also reimburse SSA for the cost of administering their program, based on a user fee schedule established by the Social Security Act. The user fee is \$11.12 per SSI check payment in FY 2013 and is expected to increase to \$11.33 in FY 2014. The Department of Treasury receives the first \$5.00 of each fee and SSA retains the amount over \$5.00.

Coordination with Other Programs

SSA plays an important role in helping states administer Medicaid and the Supplemental Nutrition Assistance Program (SNAP). Provisions in the SSI statute ensure that payments made by states or under the Social Security program are not duplicated by SSI benefits.

Generally, SSI recipients are categorically eligible for Medicaid. States may either use SSI eligibility criteria for determining Medicaid eligibility or use their own, provided the criteria are no more restrictive than the state's January 1972 medical assistance standards.

SSI recipients may qualify for SNAP. Social Security offices work with SSI applicants and recipients in a variety of ways to help them file for SNAP, including informing them of their potential benefits, making applications available to them, and in some cases helping them complete their applications. Social Security also shares applicant data with a number of states in support of SNAP.

Benefit Payments

SSA estimates it will pay \$55.6 billion in Federal benefits to an estimated 8.2 million SSI recipients in FY 2014. Including state supplementary payments, SSA expects to pay a total of \$59.0 billion and administer payments to a total of almost 8.5 million recipients.

Federal benefit payments represent approximately 93 percent of Federal SSI spending.

Administrative expenses represent approximately 7 percent of spending; beneficiary services and research and demonstration projects make up the remaining less than one percent.

FY 2014 PRESIDENT'S BUDGET REQUEST

The SSI appropriation includes funds for Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects. In total, the President's Budget request for FY 2014 is \$60,037,000,000. However, this includes \$19,300,000,000 made available for the first quarter of FY 2014 in the FY 2013 appropriation. The appropriation language provides SSA with its remaining appropriation for FY 2014, \$40,737,000,000—the total amount requested for FY 2014 less the advance already received.

Similarly, in addition to the amount above, the request includes an advance appropriation of \$19,700,000,000 for Federal benefit payments in the first quarter of FY 2015. This advance is to ensure recipients continue to receive their benefits at the beginning of the subsequent fiscal year in case there is a delay in passing that year's appropriation.

Table 2.3—Appropriation Detail¹
(in thousands)

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	Change
Advance for Federal Benefits ²	\$ 13,400,000	\$ 18,200,000	\$ 19,300,000	
Regular for Federal Benefits	\$ 34,154,000	\$ 35,100,000	\$ 36,279,000	
Subtotal Federal Benefits	\$ 47,554,000	\$ 53,300,000	\$55,579,000	+ \$ 2,279,000
Administrative Expenses ^{3,4}	\$ 3,611,552	\$ 3,738,162	\$ 4,401,000	+\$ 662,838
Beneficiary Services	\$ 47,000	\$ 0	\$ 3,000	+ \$ 3,000
Research and Demonstration	\$ 7,998	\$8,004	\$ 54,000	+ \$ 45,996
Subtotal Advanced Appropriation	\$ 13,400,000	\$ 18,200,000	\$ 19,300,000	
Subtotal Regular Appropriation	\$ 37,820,550	\$ 38,846,166	\$ 40,737,000	
Total Appropriation	\$ 51,220,550	\$ 57,046,166	\$ 60,037,000	\$ 2,990,834
Advance for Subsequent Year	\$ 18,200,000	\$ 19,300,000	\$ 19,700,000	+ \$ 400,000

¹ Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the Limitation on Administrative Expenses appropriation.

² Amount provided or requested in the previous year's appropriation bill.

³ The President's Budget proposes to provide \$266 million in mandatory administrative funding in FY 2013. Of the \$266 million, the SSI portion totals \$106 million.

⁴ The President's Budget proposes to provide \$1.2 billion in mandatory administrative funding in FY 2014. Of the \$1.2 billion, the SSI portion totals \$587 million.

KEY INITIATIVES

SSA continues to pursue efforts to ensure the proper management and stewardship of the SSI program.

Payment Accuracy

For more than 75 years, SSA has been committed to paying the right benefit to the right person at the right time. The challenge of meeting this goal is especially apparent in the administration of the SSI program because eligibility and payment amounts are so closely tied to the fluctuating circumstances of individual recipients. In FY 2011, 92.7 percent of SSI benefit payments were free of overpayment errors and 98.2 percent were free of underpayment errors. The vast majority of incorrect payments are the result of unreported changes to recipients' incomes, resources, or living arrangements.

While maintaining and improving payment accuracy remains a challenge, SSA considers it a matter of great importance to continue to improve administration of the SSI program. SSA has taken steps to prevent overpayments before they occur and is addressing the two largest (in dollar amounts) causes of overpayments: unreported wages and unreported bank accounts.

Continuing Disability Reviews and Non-Disability Redeterminations

SSI continuing disability reviews (CDRs) are periodic reviews conducted to ensure recipients are still disabled according to agency rules. The frequency of these reviews is dependent on the likelihood that a recipient's medical condition will change. Non-disability redeterminations (redeterminations) are periodic reviews that verify living arrangements, income levels, and other non-disability factors related to SSI eligibility. Similar to CDRs, the frequency of redeterminations is determined by the probability that changes affecting eligibility will occur. CDRs and redeterminations are key activities in ensuring the integrity of the SSI program and maintaining and improving payment accuracy.

The FY 2014 President's budget request includes \$833 million specifically for conducting SSI CDRs and redeterminations, which would allow SSA to conduct approximately 424,000 SSI CDRs and 2,622,000 redeterminations. The \$833 million total includes \$587 million of the proposed mandatory administrative funding. The total funding is estimated to result in almost \$6.5 billion in net program savings over the next 10 years.

Access to Financial Institutions

Access to Financial Institutions (AFI) is an electronic process that verifies bank account balances with financial institutions for purposes of determining SSI eligibility. In addition to verifying alleged accounts, AFI detects undisclosed accounts by using a geographic search to generate requests to other financial institutions. AFI's purpose is to identify excess resources in financial accounts, which are a leading cause of SSI payment errors. We currently use the AFI system in all 50 States, the District of Columbia, and the Commonwealth of the Northern Mariana Islands for all SSI applicants and recipients alleging financial resources above the current resource threshold.

Along with preventing overpayments, AFI will help us to eliminate ineligible applicants at the beginning of the application process, reducing the workload in the State Disability Determination Services. Full implementation is defined as using AFI on every potential SSI claim and redetermination and assumes using no tolerance levels, increasing the number of bank searches, and fully integrating the process with our systems. Lowering the tolerance levels and increasing bank searches in FY 2013 is contingent upon the availability of budgetary resources. Assuming we had used our current account verification process on a long-term basis, the account verifications we would complete in FY 2013 would yield an estimated \$365 million in lifetime Federal SSI program savings consistent with a return on investment of about \$9 to \$1.

Pre-Effectuation Reviews

The Deficit Reduction Act of 2005 provided SSA with the authority to conduct pre-effectuation reviews (PER) for favorable initial SSI adult blindness or disability determinations. SSA started conducting these reviews in April 2006. They are conducted before the individual is awarded benefits and are done to ensure the accuracy of the determinations made by state agencies.

The Social Security Disability Insurance (DI) program already required PERs, but prior to this legislation only SSI adult disability claims involving concurrent SSI/DI claims were subject to review. SSI PERs support the performance measure to reduce improper payments, improve the accuracy and integrity of the SSI program, and make the SSI and DI programs more consistent.

Combating Fraud

SSA continues to engage in an aggressive program to deter, detect, investigate, and prosecute fraud. During FY 2012, SSA's Office of the Inspector General (OIG) received almost 17,000 SSI fraud-related allegations via telephone, correspondence, fax, or email. As allegations are received, they are carefully reviewed to determine the most appropriate course of action, such as referral to OIG's Office of Investigations Field Divisions, other components of OIG, outside law enforcement agencies, or other program or policy components in SSA. In addition to matching the law enforcement data received pursuant to the matching program, Federal law authorizes OIG and SSA to release information back to law enforcement regarding beneficiaries and recipients who have unsatisfied felony arrest warrants or who are violating a condition of probation or parole imposed under Federal or State law. Individuals are identified by using an automated data matching process which compares warrant information at the State and Federal levels with the SSI rolls.

SSI Simplification

Complexity is inherent in the process of evaluating eligibility and payment levels for the SSI program and in addressing the accuracy of payments that have already been made. SSA remains committed to simplifying the SSI program and is exploring ways to do this in a fair and equitable manner.

Debt Collection

SSA currently makes use of the following debt collection tools that are authorized by law: benefit withholding, cross-program recovery, repayment by installment agreements, Credit Bureau Reporting, Administrative Wage Garnishment, and the Treasury Offset Program (TOP),

Supplemental Security Income Program

which includes Tax Refund Offset (TRO), Administrative Offset (e.g., Federal travel and expense reimbursements), and Federal Salary Offset. Using these debt collection tools, SSA collected \$1.2 billion in SSI overpayments, including Federally-administered state supplement overpayments, in FY 2012. Also in FY 2012, SSA eliminated an additional \$119.0 million through Netting, a process that adjusts SSI overpayments through an automated offset against SSI underpayments.

SSA began collecting SSI overpayments by TRO in 1998 under the authority of The Deficit Reduction Act of 1984. The Foster Care Independence Act of 1999 extended to the SSI program all of the additional debt collection authorities previously available for collection of overpayments under the Social Security retirement and disability programs. In FY 2002, SSA expanded the use of TOP by implementing Administrative Offset. SSA further expanded the use of TOP in FY 2006 when the agency implemented Federal Salary Offset, a collection tool used to collect delinquent overpayments owed by Federal employees, including employees who work for SSA. In FY 2012, SSA began referring debts delinquent for 10 years or more to TOP. In FY 2012, TOP enabled the agency to collect \$66.8 million. As resources permit, SSA will further expand the use of TOP to offset State payments.

In FY 2002, SSA implemented Credit Bureau Reporting and Cross Program Recovery. In FY 2012, Credit Bureau Reporting contributed to the voluntary repayment of \$25.9 million and the Agency recovered \$84.1 million via Cross Program Recovery.

In FY 2005, SSA implemented Administrative Wage Garnishment, which has collected \$19.8 million in SSI debt through FY 2012. In the future, SSA plans to implement the remaining authorized collection tools which include interest charging, administrative cost recovery, and the use of private collection agencies.

Computer Matching Programs

SSA routinely matches SSI recipient data with data maintained by other Federal, state, and local government entities to detect changes in income, resources, or living arrangements that may affect SSI eligibility. In addition, the Foster Care Independence Act of 1999 provides for expansion of access to data from financial institutions.

SSA's computer matching operations include:

- Prison inmate records to find recipients made ineligible by incarceration;
- Law enforcement agencies match for data on fugitive felons;
- Quarterly matches for wage and unemployment compensation information;
- Monthly nursing home admission and discharge information;
- Internal Revenue Service records of non-wage income reported via 1099s to detect resources and/or income;
- Bureau of Public Debt's Savings Bond records to detect unreported assets;
- Department of Defense (DOD) records to detect and verify DOD pension information;

- Veterans Administration benefit data to be used in SSI benefit calculations;
- Office of Personnel Management pension data to be used in SSI benefit calculations;
- Railroad Retirement Board match to be used in SSI benefit calculations;
- Department of Homeland Security (DHS) match for deportation information on aliens outside the U.S. for more than 30 continuous days to terminate SSI benefits;
- DHS match for records of aliens who voluntarily leave the U.S; and
- AFI system to electronically request and receive financial account information.

Actions taken as a result of such matches include independent verification of assets or income. If this results in a change in payment amount or eligibility, notification is provided to the recipient of the findings along with appeal and waiver rights.

Legislative Proposal – Refugees, Asylees, and Other Humanitarian Immigrants

The “SSI Extension for Elderly and Disabled Refugees Act” (Public Law 110-328) extended the seven-year SSI eligibility period for refugees, asylees, and certain other humanitarian immigrants to nine years. This law affected those whose eligibility would have expired between October 1, 2008 through September 30, 2011 by providing benefits for two more years or the end of FY 2011 (whichever came sooner).

The FY 2014 President’s budget includes a proposal to allow refugees and asylees to receive SSI an additional two years, in FY 2014 and FY 2015, for a total maximum of nine years of eligibility, consistent with the expired policy established by P.L. 110-328.

Legislative Proposal – Program Integrity Administrative Expenses (PIAE)

The President’s budget includes a proposal that provides SSA with mandatory administrative funding to carry out its program integrity activities. SSA will use the funding to conduct SSI CDRs and redeterminations. For more details, see the description of the proposal in the “Program Integrity Efforts” section of the FY 2014 Budget Overview.

BUDGETARY RESOURCES

The SSI annual appropriation consists of a regular appropriation made available by the current year's appropriation bill and an advance made available by the prior year's appropriation. This advance is for Federal benefit payments in the first quarter of the subsequent fiscal year to ensure recipients continue to receive their benefits in case there is a delay in passing that year's appropriation bill. The President's Budget for FY 2014 is \$60,037,000,000, including \$19,300,000,000, requested in advance by the FY 2013 President's Budget.

Table 2.4—Amounts Available for Obligation¹

	FY 2012 Actual	FY 2013 Estimate ²	FY 2014 Estimate ³
Regular Appropriation	\$ 37,820,550,351	\$ 38,846,166,218	\$ 40,737,000,000
Advanced Appropriation	\$ 13,400,000,000	\$ 18,200,000,000	\$ 19,300,000,000
Total Annual Appropriation	\$ 51,220,550,351	\$ 57,046,166,218	\$ 60,037,000,000
Federal Unobligated Balance	\$ 298,788,750	\$ 818,764,011	\$ 18,691,848
Recovery of Prior-Year Obligations	\$ 6,954,341	\$ 0	\$ 0
Offsetting Collections	\$ 1,359,159	\$ 0	\$ 0
Indefinite Authority ⁴	N/A	N/A	N/A
Subtotal Federal Resources	\$ 51,527,652,601	\$ 57,864,930,229	\$ 60,055,691,848
State Supp. Reimbursements	\$ 3,336,819,609	\$ 3,320,000,000	\$ 3,447,000,000
State Supp. Unobligated Balance	\$ 0	\$ 272,794,298	\$ 282,794,298
Total Budgetary Resources	\$ 54,864,472,210	\$ 61,457,724,527	\$ 63,785,486,146
Federal Obligations	\$ 50,708,888,590	\$ 57,846,238,382	\$ 60,082,000,000
State Supp. Obligations	\$ 3,064,025,311	\$ 3,310,000,000	\$ 3,435,000,000
Total Obligations	\$ 53,772,913,901	\$ 61,156,238,382	\$ 63,517,000,000
Federal Unobligated Balance	\$ 818,764,011	\$ 18,691,848	(\$ 26,308,152)
State Supp. Unobligated Balance ⁵	\$ 272,794,298	\$ 282,794,298	\$ 294,794,298
Total Unobligated Balance	\$ 1,091,558,309	\$ 301,486,146	\$ 268,486,146

¹ Does not include state supplementary user fees; user fees are included in the Limitation on Administrative Expenses appropriation.

² The President's Budget proposes to provide \$266 million in mandatory administrative funding in FY 2013. Of the \$266 million, the SSI portion totals \$106 million.

³ The President's Budget proposes to provide \$1.2 billion in mandatory administrative funding in FY 2014. Of the \$1.2 billion, the SSI portion totals \$587 million.

⁴ Any portion of the Federal benefits carryover shown that results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

⁵ The amount received for the October 1 payment, reimbursed at the end of September in the prior fiscal year is available for use in the subsequent fiscal year.

The SSI annual appropriation was \$51.2 billion in FY 2012. The current estimate for FY 2013 is approximately \$57.0 billion. SSA has the authority to carry over unobligated balances for use in future fiscal years for Federal benefit payments, administrative expenses, and beneficiary services because the amounts appropriated are made available until expended. Research and demonstration funds receive two year appropriations, so these balances can be carried over for use in the following fiscal year. SSA carried over almost \$819 million in Federal unobligated balances into FY 2013. Based on the FY 2013 estimated funding level and obligations, SSA expects to carry over approximately \$19 million into FY 2014.

In addition to these appropriated amounts, SSA has spending authority in the amount of the advance reimbursement SSA receives from States to pay their State supplementary benefits. Because states reimburse SSA in advance, SSA carries over the amount received for the October 1 payment, reimbursed at the end of September in the prior fiscal year, for use in the subsequent fiscal year.

ANALYSIS OF CHANGES

The FY 2014 request represents an increase of approximately \$3 billion from the FY 2013 level. The majority of this increase results from mandatory increases in Federal benefit payments, along with an increase in SSI recipients.

SSA plans to use unobligated balances to partially fund Federal benefit payments, administrative expenses, beneficiary services and research and demonstration projects in FY 2013. In FY 2014, SSA plans to use unobligated balances to partially fund beneficiary services. SSA plans to use approximately \$749 million in unobligated balances and recoveries in FY 2013 and approximately \$45 million in FY 2014.

Federal Benefit Payments

The increase in the FY 2014 request for Federal benefit payments primarily results from annual cost-of living adjustments (COLA) and an increase in SSI recipients. The increase in Federal benefit payments is partially offset by the impact of OASDI COLAs on concurrent SSI/OASDI recipients. Since OASDI benefits are counted as income in the SSI program, the annual OASDI COLA decreases the SSI benefit payment for concurrent recipients.

In FY 2013, SSA expects to use \$666 million in carryover of prior-year unobligated balances in FY 2013, but the FY 2014 request does not anticipate the need for any carryover.

Administrative Expenses

The FY 2014 request for administrative expenses is \$662.8 million more than the FY 2013 level, and includes \$587 million in mandatory administrative funding for program integrity work in the SSI program – SSI CDRs and redeterminations. SSA expects to use over \$8 million in carryover of prior-year unobligated balance in FY 2013 for information technology needs. We expect to transfer an additional \$52 million from the trust funds to SSI to administer the program in FY 2013. These funds will be fully repaid at the beginning of FY 2014 out of new budget authority. This transfer will not alter the overall spending levels in FY 2013, as reflected in the Limitation on Administrative Expenses section.

Beneficiary Services

SSA is requesting \$3 million in new authority for FY 2014. Our estimate reflects an increase in payments to Employment Networks under the Ticket to Work program and the use of accumulated prior-year unobligated balances. In FY 2012, SSA used \$34.2 million in budget authority for beneficiary services. SSA expects to use \$42 million of carryover funds in FY 2013, and \$45 million in FY 2014 to cover our estimated obligations.

Research and Demonstration

The request for new budget authority is \$46 million higher than in FY 2013 level. SSA expects to use \$32 million of prior year unobligated balances in FY 2013, which would leave no carryover into FY 2014.

Table 2.5—Summary of Changes¹

	FY 2013 Estimate²	FY 2014 Estimate³	<i>Change</i>
Appropriation	\$ 57,046,166,218	\$ 60,037,000,000	+ \$ 2,990,833,782
Estimated Federal Obligations	\$ 57,846,238,382	\$ 60,082,000,000	+ \$ 2,235,761,618
Obligations Funded from Prior-Year Unobligated Balances and Recoveries	\$ 748,603,114	\$ 45,000,000	- \$ 703,603,114
Section 201 (g)(1) Authority	\$ 51,469,050	\$ 0	- \$ 51,469,050

¹ Does not include state supplementary payments and reimbursements or the corresponding state supplement user fee collections; user fees are included in the Limitation on Administrative Expenses appropriation. Totals may not add due to rounding.

² The President's Budget proposes to provide \$266 million in mandatory administrative funding in FY 2013. Of the \$266 million, the SSI portion totals \$106 million.

³ The President's Budget proposes to provide \$1.2 billion in mandatory administrative funding in FY 2014. Of the \$1.2 billion, the SSI portion totals \$587 million.

Table 2.6—Explanation of SSI Budget Changes from FY 2013 to FY 2014
(in thousands)

	FY 2013 Obligations	<i>Change from FY 2013</i>
		Increases
Federal Benefit Payments	\$ 53,300,000	
• Cost-of-living adjustments (COLA)—2.2% beginning January 2014		+\$ 1,433,000
• Net Increase of 120,000 recipients in FY 2014		+ \$ 1,171,000
Administrative Expenses	\$ 3,738,162	
• Additional base funding		+\$ 425,346
• Increase in mandatory administrative funding for Program Integrity		+\$ 481,000
Beneficiary Services	\$ 0	
• Increase in amount of carryover funding planned for obligation in FY 2014		+ \$ 3,000
• Increase base funding		+ \$ 3,000
Research and Demonstration	\$ 8,004	
• Increase in base funding		+\$ 45,996
Total Increases		+\$ 3,562,342
		Decreases
Federal Benefit Payments – Obligations from prior year unobligated balances	\$ 666,283	- \$ 666,283
• Effect of OASDI COLA for concurrent SSI/OASDI recipients		-\$ 325,000
Administrative Expenses – Carryover	\$ 59,838	
• Decrease in amount of carryover funding planned for obligation in FY 2014		-\$ 8,369
• Section 201(g)(1) Authority		-\$51,469
• Decrease in discretionary funding for Program Integrity		-\$243,507
Beneficiary Services – Carryover	\$ 42,000	
Research & Demonstration – Carryover	\$31,952	
• Decrease in amount of carryover funding planned for obligation in FY 2014		-\$ 31,952
Total Decreases		- \$ 1,326,580
Total Obligations Requested, Net Change	\$ 57,846,238	+ \$ 2,235,762

NEW BUDGET AUTHORITY AND OBLIGATIONS BY ACTIVITY

The table below displays budget authority and obligations for the four main SSI activities—Federal benefit payments, administrative expenses, beneficiary services, and research and demonstration projects.

Table 2.7—New Budget Authority and Obligations by Activity¹
(in thousands)

	FY 2012 Actual	FY 2013 Estimate^{2,3}	FY 2014 Estimate⁴
<u>Federal Benefit Payments</u>			
Appropriation	\$ 47,554,000	\$ 53,300,000	\$ 55,579,000
Obligations	\$ 47,003,478	\$ 53,966,283	\$ 55,579,000
Monthly Check Payments	11	12	12
<u>Administrative Expenses⁵</u>			
Appropriation ⁶	\$ 3,611,552	\$ 3,738,162	\$ 4,401,000
Obligations	\$ 3,634,239	\$ 3,798,000	\$ 4,401,000
<u>Beneficiary Services</u>			
Appropriation	\$ 47,000	\$ 0	\$ 3,000
Obligations	\$ 34,182	\$ 42,000	\$ 48,000
<u>Research and Demonstration</u>			
Appropriation	\$ 7,998	\$ 8,004	\$ 54,000
Obligations	\$ 36,990	\$ 39,956	\$ 54,000
Total Appropriation	\$ 51,220,550	\$ 57,046,166	\$ 60,037,000
Total Federal Obligations	\$ 50,708,889	\$ 57,846,238	\$ 60,082,000

¹ Totals may not add due to rounding.

² SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2013 obligations as follows: Federal benefits, \$666.3 million; administrative expenses, \$8.4 million; beneficiary services, \$42 million; and research and demonstration projects, \$32.0 million.

³ The President's Budget proposes to provide \$266 million in mandatory administrative funding in FY 2013. Of the \$266 million, the SSI portion totals \$106 million.

⁴ In addition to the FY 2014 President's Budget request, SSA expects to use carryover of prior year unobligated balances and recoveries for FY 2014 obligations as follows: beneficiary services, \$45 million.

⁵ We expect to transfer an additional \$52 million from the trust funds to SSI to administer the program in FY 2013, with these funds being fully repaid at the beginning of FY 2014 out of new budget authority.

⁶ The President's Budget proposes to provide \$1.2 billion in mandatory administrative funding in FY 2014. Of the \$1.2 billion, the SSI portion totals \$587 million.

Supplemental Security Income Program

In FY 2012, SSA used carryover of unobligated balances to partially fund administrative expenses, beneficiary services, and research and demonstration projects. In FY 2013, SSA plans to use carryover of unobligated balances to partially fund Federal benefit payments, administrative expenses, beneficiary services and research and demonstration projects. In FY 2014, SSA plans to use carryover of unobligated balances to partially fund beneficiary services.

NEW BUDGET AUTHORITY AND OBLIGATIONS BY OBJECT

In the table below, “Other Services” includes administrative expenses and beneficiary services.

Table 2.8—New Budget Authority and Obligations by Object¹
(in thousands)

	FY 2012 Actual	FY 2013 Estimate²	FY 2014 Estimate³
<u>Other Services</u>			
Appropriation	\$ 3,658,552	\$ 3,738,162	\$ 4,404,000
Obligations	\$ 3,668,421	\$ 3,840,000	\$ 4,449,000
<u>Federal Benefits and Research</u>			
Appropriation	\$ 47,561,998	\$ 53,308,004	\$ 55,633,000
Obligations	\$ 47,040,467	\$ 54,006,238	\$ 55,633,000
Total Appropriation	\$ 51,220,550	\$ 57,046,166	\$ 60,037,000
Total Obligations	\$ 50,708,889	\$ 57,846,238	\$ 60,082,000

¹ Totals may not add due to rounding.

² The President's Budget proposes to provide \$266 million in mandatory administrative funding in FY 2013. Of the \$266 million, the SSI portion totals \$106 million.

³ The President's Budget proposes to provide \$1.2 billion in mandatory administrative funding in FY 2014. Of the \$1.2 billion, the SSI portion totals \$587 million.

BACKGROUND

AUTHORIZING LEGISLATION

The SSI program is authorized by Title XVI of the Social Security Act. Section 1601 of the Act authorizes such sums as are sufficient to carry out the Title.

Table 2.9—Authorizing Legislation

	FY 2012 Actual	FY 2013 Estimate¹	FY 2014 Estimate²	FY Amount Authorized
Title XVI of the Social Security Act, section 401 of P.L. 92-603 and section 212 of P.L. 93-66, as amended, and section 405 of P.L. 92-216	\$ 51,220,550,351	\$ 57,046,166,218	\$ 60,037,000,000	<i>Indefinite</i>
First Quarter Advance appropriation for subsequent fiscal year	\$ 18,200,000,000	\$ 19,300,000,000	\$ 19,700,000,000	---

¹ The President's Budget proposes to provide \$266 million in mandatory administrative funding in FY 2013. Of the \$266 million, the SSI portion totals \$106 million.

² The President's Budget proposes to provide \$1.2 billion in mandatory administrative funding in FY 2014. Of the \$1.2 billion, the SSI portion totals \$587 million.

APPROPRIATION HISTORY

The table below displays the President's Budget request, amounts passed by the House and Senate, and the actual amount appropriated, for the period FY 2003 to FY 2015. Indefinite budget authority is requested when actual Federal benefit payments exceed the amounts available for Federal benefit payments in a given fiscal year.

Table 2.10—Appropriation History

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
Q1 Advance	\$ 10,790,000,000	\$ 10,790,000,000 ¹	\$ 10,790,000,000 ²	\$ 10,790,000,000 ³
Current Year	\$ 24,034,618,000	--- ⁴	\$ 23,914,392,000 ⁵	\$ 23,914,392,000 ⁶
2003 Total	\$ 34,824,618,000	---	\$ 34,704,392,000	\$ 34,704,392,000
2003 Indefinite				\$ 578,881,680
Q1 Advance	\$ 11,080,000,000	---	\$ 11,080,000,000	\$ 11,080,000,000
Current Year	\$ 26,282,000,000	\$ 26,221,300,000 ⁷	\$ 26,290,000,000 ⁸	\$ 26,237,300,000 ⁹
2004 Total	\$ 37,362,000,000	---	\$ 37,370,000,000	\$ 37,317,800,000
Q1 Advance	\$ 12,590,000,000	\$ 12,590,000,000	\$ 12,590,000,000	\$ 12,590,000,000
Current Year	\$ 28,608,929,000	\$ 28,578,829,000 ¹⁰	\$ 25,327,949,000 ¹¹	\$ 28,586,829,000 ¹²
2005 Total	\$ 41,198,929,000	\$ 41,168,829,000	\$ 37,917,949,000	\$ 41,176,829,000
Q1 Advance	\$ 10,930,000,000	\$ 10,930,000,000	\$ 14,130,000,000	\$ 10,930,000,000
Current Year	\$ 29,533,174,000	\$ 29,533,174,000 ¹³	\$ 29,510,574,000 ¹⁴	\$ 29,369,174,000 ¹⁵
2006 Total	\$ 40,463,174,000	\$ 40,463,174,000	\$ 43,640,574,000	\$ 40,299,174,000
Q1 Advance	\$ 11,110,000,000	\$ 11,110,000,000	\$ 11,110,000,000	\$ 11,110,000,000
Current Year	\$ 29,125,000,000	\$ 29,065,000,000 ¹⁶	\$ 29,023,000,000 ¹⁷	\$ 29,071,169,000 ¹⁸
2007 Total	\$ 40,235,000,000	\$ 40,175,000,000	\$ 40,133,000,000	\$ 40,181,169,000
Q1 Advance	\$ 16,810,000,000	\$ 16,810,000,000	\$ 16,810,000,000	\$ 16,810,000,000
Current Year	\$ 26,911,000,000	\$ 26,948,525,000 ¹⁹	\$ 26,959,000,000 ²⁰	\$ 27,000,191,000 ²¹
2008 Total	\$ 43,721,000,000	\$ 43,758,525,000	\$ 43,769,000,000	\$ 43,810,191,000
Q1 Advance	\$ 14,800,000,000	\$ 14,800,000,000	\$ 14,800,000,000	\$ 14,800,000,000
Current Year	\$ 30,414,000,000	--- ²²	\$ 30,429,875,000 ²³	\$ 30,471,537,000 ²⁴
2009 Total	\$ 45,214,000,000	---	\$ 45,229,875,000	\$ 45,271,537,000
2009 Indefinite				\$ 1,602,935,179
Q1 Advance	\$ 15,400,000,000	---	\$ 15,400,000,000	\$ 15,400,000,000
Current Year	\$ 34,742,000,000	\$ 34,742,000,000 ²⁵	\$ 34,742,000,000 ²⁶	\$ 34,742,000,000 ²⁷
2010 Total	\$ 50,142,000,000	---	\$ 50,142,000,000	\$ 50,142,000,000
2010 Indefinite				\$ 458,465,781
Q1 Advance	\$ 16,000,000,000	\$ 16,000,000,000	\$ 16,000,000,000	\$ 16,000,000,000
Current Year	\$ 40,513,000,000	--- ²⁸	\$ 40,513,000,000 ²⁹	\$ 39,983,273,000 ³⁰
2011 Total	\$ 56,513,000,000	---	\$ 56,513,000,000	\$ 55,983,273,000

Table Continues on the Next Page

Supplemental Security Income Program

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
Q1 Advance	\$ 13,400,000,000	No Data ---	\$ 13,400,000,000	\$ 13,400,000,000
Current Year	\$ 38,083,000,000 ³¹	No Data -- ³²	\$ 37,922,543,000 ³³	\$ 37,582,991,000 ³⁴
2012 Total	\$ 51,483,000,000 ³⁵	---	\$ 51,322,543,000	\$ 50,982,991,000
2012 Indefinite	No Data	No Data	No Data	\$ 560,000,000
Q1 Advance	\$ 18,200,000,000	No Data ---	\$ 18,200,000,000	\$ 18,200,000,000
Current Year	\$ 40,043,000,000 ³⁶	No Data -- ³⁷	\$ 40,043,000,000 ³⁸	No Data
2013 Total	\$ 58,243,000,000 ³⁹		\$ 58,243,000,000	
Q1 Advance	\$ 19,300,000,000	No Data	\$ 19,300,000,000	No Data
Current Year	\$ 40,737,000,000 ⁴⁰	No Data	No Data	No Data
2014 Total	\$ 60,037,000,000⁴¹			
Q1 Advance	\$ 19,700,000,000	No Data	No Data	No Data
Current Year		No Data	No Data	No Data
2015 Total				

¹ H.R. 3061.

² S. 1536.

³ The Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2002 (P.L. 107-116).

⁴ The House Committee on Appropriations did not report a bill. Appropriations Chairman Regula introduced H.R. 246, which included \$23,906,392,000 for fiscal year 2003 and \$11,080,000,000 for benefit payments for the first quarter of fiscal year 2004.

⁵ S. 2766.

⁶ Consolidated Appropriations Resolution, 2003 (P.L. 108-7).

⁷ H.R. 2660.

⁸ S. 1356.

⁹ Consolidated Appropriations Act, 2004 (P.L. 108-199). Includes \$8,500,000 appropriated in the Social Security Protection Act of 2004 (P.L. 108-203) for purposes of conducting a statistically valid survey to determine how payments made to individuals, organizations, and State or local government agencies that are representative payees for benefits paid under title II or XVI are being managed and used on behalf of the beneficiaries for whom such benefits are paid.

¹⁰ H.R. 5006.

¹¹ S. 2810

¹² Consolidated Appropriations Act, 2005 (P.L. 108-447).

¹³ H.R. 3010.

¹⁴ H.R. 3010, reported from Committee with an amendment.

¹⁵ Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149).

¹⁶ H.R. 5647.

¹⁷ S. 3708

¹⁸ Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5). Of this amount, \$2,937,000,000 was available for administrative expenses.

¹⁹ H.R. 3043.

²⁰ S. 1710.

²¹ Consolidated Appropriations Act, 2008 (P.L. 110-161). The amount does not include a rescission of \$53,671,177 for SSI administrative expenses and \$349,400 for research and demonstration projects in accordance with P.L. 110-161.

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- ²² The House Committee on Appropriations did not report a bill.
- ²³ S. 3230.
- ²⁴ Omnibus Appropriations Act, 2009 (P.L. 111-8).
- ²⁵ H.R. 3293.
- ²⁶ H.R. 3293, reported from Committee with an amendment.
- ²⁷ Consolidated Appropriations Act, 2010 (P.L. 111-117).
- ²⁸ The House Committee on Appropriations did not report a bill.
- ²⁹ S. 3686.
- ³⁰ The Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). Of this amount, \$3,493,273,000 was available for administrative expenses. The amount does not include a rescission of \$6,987,000 for SSI administrative expenses and \$72,000 for research and demonstration projects in accordance with P.L. 112-10.
- ³¹ Of this amount, not to exceed \$10,000,000 was for Supplemental Security Income Program-related performance-based awards for Pay for Success projects and not more than \$10,000,000 was to provide incentive payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families.
- ³² The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$38,062,428,000 for fiscal year 2012. Of this amount, not more than \$17,428,000 was made available for research and demonstrations under sections 1110 and 1114 of the Social Security Act and remain available until the end of fiscal year 2013. Up to \$10,000,000 of the research funds were to provide incentives payments and to conduct a rigorous evaluation of a demonstration project designed to improve the outcomes for SSI child recipients and their families. In addition, H.R. 3070 included \$18,200,000,000 for benefit payments for the first quarter of fiscal year 2013.
- ³³ S. 1599.
- ³⁴ Consolidated Appropriations Act, 2012 (P.L. 112-74). Of this amount, not more than \$8,000,000 was made available for research and demonstrations under sections 1110 and 1144 of the Social Security Act. The amount does not include a rescission of \$6,377,000 for SSI administrative expenses and \$2,000 for research and demonstration projects in accordance with P.L. 112-74.
- ³⁵ The President's Budget proposed to provide \$140 million in cap adjustment funding in FY 2012, consistent with section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. Of the \$140 million, the SSI portion totaled \$46 million.
- ³⁶ Of this amount, not more than \$48,000,000 was for research and demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.
- ³⁷ The House Committee on Appropriations did not report a bill. The Committee posted a draft bill which included \$39,335,614,000 for fiscal year 2013. Of this amount, not more than \$8,000,000 was made available for research and demonstrations under sections 1110 and 1144 of the Social Security Act and to remain available until the end of fiscal year 2014. In addition, the draft bill included \$19,300,000,000 for benefit payments for the first quarter of fiscal year 2014.
- ³⁸ S. 3295.
- ³⁹ The President's Budget proposes to provide \$266 million in mandatory administrative funding in FY 2013. Of the \$266 million, the SSI portion totals \$106 million.
- ⁴⁰ Of this amount, not more than \$54,000,000 is for research and demonstrations under sections 1110, 1115 and 1144 of the Social Security Act.
- ⁴¹ The President's Budget proposes to provide \$1.2 billion in mandatory administrative funding in FY 2014. Of the \$1.2 billion, the SSI portion totals \$587 million.

FEDERAL BENEFIT PAYMENTS

Authorizing Legislation: Section 1602, 1611, and 1617 of the Social Security Act.

PURPOSE AND METHOD OF OPERATION

The SSI program was established to pay needy aged, blind and disabled individuals a minimum level of income through Federally-administered monthly cash payments. In many cases, these payments supplement income from other sources, including Social Security benefits and state programs. In FY 2014, SSA estimates benefit payments will total \$55.6 billion for nearly 8.2 million Federal SSI recipients.

**Table 2.11—Federal Benefit Payments: New Budget Authority and Obligations
(in thousands)**

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY 13 to FY 14 Change
Appropriation	\$ 47,554,000	\$ 53,300,000	\$ 55,579,000	+ \$ 2,279,000
Obligations funded from prior year unobligated balances	\$ 0	\$ 666,283	\$ 0	-\$ 666,283
Indefinite Authority ¹	\$ 0	\$ 0	\$ 0	\$ 0
Obligations	\$ 47,003,478	\$ 53,966,283	\$ 55,579,000	+ \$ 1,612,717
Advance for subsequent fiscal year	\$ 18,200,000	\$ 19,300,000	\$ 19,700,000	+ \$ 400,000

RATIONALE FOR BUDGET REQUEST

SSA is requesting \$55.6 billion in new budget authority for Federal benefit payments in FY 2014.

SSA estimates benefit payments based on a number of interrelated factors including the number of SSI recipients, number of applications, award and termination rates, cost-of-living adjustments, maximum benefit rates, and average payment amounts.

¹ Any portion of the Federal benefits carryover shown that results from indefinite authority will be returned to Treasury in the new year, as soon as the actual amount is determined.

SSI RECIPIENT POPULATION

The number of Federal SSI recipients has increased from 7.3 million in FY 2009 to 7.9 million in FY 2012 and is expected to continue to increase to 8.2 million in FY 2014. The estimated increase in Federal recipients in FY 2014 represents a 1.5 percent increase over the FY 2013 level. SSA estimates the number of SSI recipients by analyzing a number of factors including applications, award and termination rates, and funding for program integrity initiatives.

Table 2.12—SSI Recipients, Actual¹
(average over fiscal year, in thousands)

	FY 2009	FY 2010	FY 2011	FY 2012
Aged	1,106	1,105	1,105	1,094
Blind or Disabled	6,198	6,417	6,652	6,846
Total Federal	7,304	7,522	7,756	7,940
Year-to-Year Change	2.6%	3.0%	3.1%	2.4%
State Supplement Only	285	256	254	234
Total Federally Administered	7,589	7,778	8,010	8,173

In addition to Federal SSI recipients, SSA currently administers state supplementary payments for 23 states and the District of Columbia. SSA administers payments for approximately 2.3 million state supplement recipients, of which approximately 242,000 do not receive a Federal SSI benefit and only receive the state supplementary payment.

Table 2.13—SSI Recipients, Projected¹
(average over fiscal year, in thousands)

	FY 2013 Estimate	FY 2014 Estimate	FY 13 FY 14 Change
Aged	1,092	1,103	+ 1.0%
Blind or Disabled	7,011	7,119	+ 1.5%
Total Federal	8,102	8,222	+ 1.5%
State Supplement only	230	242	+ 5.2%
Total Federally Administered	8,333	8,463	+ 1.6%

¹ Totals may not add due to rounding.

SSI Disabled vs. Aged Recipient Population

The number of Federal blind or disabled SSI recipients as a percentage of all Federal SSI recipients has steadily increased from 81 percent in FY 2000 to 86.2 percent in FY 2012. It is expected to continue to increase to 86.6 percent in FY 2014. Because the average monthly benefit payment for blind or disabled recipients is higher than that of aged recipients, this consistent shift in the population make-up increases overall Federal SSI benefit payments.

**Table 2.14—Blind or Disabled Recipients as a Percentage of Total
(average over fiscal year, in thousands) ¹**

Fiscal Year	Total Federal	Aged	Blind or Disabled	Blind or Disabled as % of Total
2000	6,328	1,203	5,125	81.0%
2005	6,775	1,118	5,657	83.5%
2006	6,878	1,116	5,762	83.8%
2007	7,003	1,111	5,892	84.1%
2008	7,117	1,103	6,014	84.5%
2009	7,304	1,106	6,198	84.9%
2010	7,522	1,105	6,417	85.3%
2011	7,756	1,105	6,652	85.8%
2012	7,940	1,094	6,846	86.2%
2013 Estimate	8,102	1,092	7,011	86.5%
2014 Estimate	8,222	1,103	7,119	86.6%

Concurrent SSI/OASDI Recipients

SSI recipients also receiving Old-Age and Survivors Insurance (OASI) or DI benefits have their SSI benefit reduced, less applicable exclusions, by the amount of their Old-Age, Survivors, and Disability Insurance (OASDI) benefit. Approximately 34 percent of all SSI recipients (including those only receiving a state supplement) also receive Social Security benefits. Approximately 57 percent of the SSI aged and 30 percent of the SSI blind and disabled populations receive concurrent payments.

¹ Totals may not add due to rounding.

BENEFIT PAYMENTS

Maximum Monthly Federal Payments

The maximum monthly federal benefit rate (FBR) is increased each January when there are increases in the cost-of-living. Effective January 2013, there is a 1.7 percent cost-of living increase and a cost-of living adjustment (COLA) of 2.2 percent is projected for January 2014. The FBR increased from \$698 for an individual and \$1,048 for a couple for calendar year (CY) 2012 to \$710 for an individual and \$1,066 for a couple for CY 2013. SSA estimates the FBR will increase to \$726 for an individual and \$1,089 for a couple in CY 2014. The COLA will be effective in January 2014, raising the maximum benefit rate to higher levels than the first 3 months of the fiscal year.

Table 2.15—Maximum Benefit Rates

	FY Fiscal Year 2013		FY Fiscal Year 2014	
	First 3 Months	Last 9 Months	First 3 Months	Last 9 Months
Individual	\$ 698	\$ 710	\$ 710	\$ 726
Couple	\$ 1,048	\$ 1,066	\$ 1,066	\$ 1,089

Average Monthly Benefit Payments

The amount actually paid to a recipient can vary from the FBR based on their income received (e.g., earnings and Social Security benefits) and the living arrangement of the recipient (e.g., residence in one's own home, the household of another person, or in a nursing home which meets Medicaid standards). The average monthly benefit is expected to increase from \$526 in FY 2012 to \$541 in FY 2013 and \$556 in FY 2014. The increase in the average benefit payment is driven by COLAs and recipient population characteristics.

Table 2.16—Average Monthly Benefit Payments

	Fiscal Year	Fiscal Year 2013 Estimate	Fiscal Year 2014 Estimate
	2012 Actual		
Aged	\$ 367	\$ 376	\$ 388
Blind or Disabled	\$ 552	\$ 566	\$ 582
All SSI Recipients	\$ 526	\$ 541	\$ 556

Cost of Living Adjustments

When applicable, COLAs increase both the maximum and average monthly benefit payment. However, for concurrent SSI/OASDI recipients, increases in SSI benefit payments are partially offset by increases in Social Security benefits resulting from the same COLA. Social Security benefits are counted as income in the SSI program. Therefore, any increase in Social Security benefits resulting from the annual COLA increases countable income in the SSI benefit computation.

Program Integrity Funding

Annual benefit payment estimates are dependent on SSA performing a certain level of SSI CDRs and redeterminations. Specifically, the FY 2014 estimate assumes SSA receives the proposed mandatory administrative funding to conduct 424,000 SSI CDRs and 2,622,000 non-medical redeterminations.

Timing of Monthly Benefit Payments

Monthly SSI benefit payments are made on the first of the month, unless the first falls on a weekend or Federal holiday. In that case, the payment is made on the prior business day at the end of the previous month. When October 1 falls on a weekend or Federal holiday, the payment is made in the prior fiscal year at the end of September. This timing of payments results in 11, 12, or 13 payments in a given fiscal year.

Table 2.17—Check Payments by Fiscal Year

	Number of Check Payments	Federal Benefit Obligations
FY 2006	12	\$ 37,510,765,017
FY 2007	11	\$ 36,481,897,840
FY 2008	12	\$ 41,309,722,313
FY 2009	12	\$ 44,987,045,867
FY 2010	12	\$ 47,322,385,581
FY 2011	13	\$ 52,274,301,053
FY 2012	11	\$ 47,003,477,518
FY 2013	12	\$ 53,966,282,600
FY 2014	12	\$ 55,579,000,000

ADMINISTRATIVE EXPENSES

Authorizing Legislation: Sections 201(g)(1) of the Social Security Act.

PURPOSE AND METHOD OF OPERATION

Administrative expenses for the SSI program are funded from general revenues. Section 201(g)(1) of the Social Security Act provides that administrative expenses for the SSI program, including Federal administration of state supplementary payments, may be financed from the Social Security trust funds with reimbursement, including any interest lost, to the trust funds from general revenues.

This appropriation funds the SSI program share of administrative expenses incurred through the Limitation on Administrative Expenses (LAE) account. Amounts appropriated are available for current-year SSI administrative expenses, as well as for prior-year administrative expenses that exceeded the amount available through this account for the prior year. If those excess prior year amounts were paid out of the Social Security trust funds, then current year SSI funds must be used to reimburse these trust funds with interest.

The legislative history of the 1972 amendments (which established this funding mechanism) indicates a desire to obtain economy of administration by giving SSA the responsibility for the SSI program because of its existing field office network and its administrative and automated data processing facilities. Because of the integration of the administration of the SSI and Social Security programs, it was desirable to fund them from a single source (the LAE account). This requires that the trust funds and the SSI account pay their appropriate shares. The determination is based on a Government Accountability Office (GAO) approved method of cost analysis of the respective expenses of the SSI and Social Security insurance programs, and mandates a final settlement by the end of the subsequent fiscal year as required by law.

**Table 2.18—Administrative Expenses: New Budget Authority and Obligations
(in thousands)**

	FY 2012 Actual	FY 2013 Estimate¹	FY 2014 Estimate²	FY 13 to FY 14 Change
Total Appropriation	\$ 3,611,552	\$ 3,738,162	\$ 4,401,000	+ \$ 662,838
Discretionary—LAE	\$ 3,611,552	\$ 3,632,162	\$ 3,814,000	+ \$ 181,838
Mandatory—PIAE	\$ 0	\$ 106,000	\$ 587,000	+ \$ 481,000
Obligations Funded from Prior- Year Unobligated Balance	\$ 22,687	\$ 8,369	\$ 0	\$ 8,369
Section 201 (g)(1) Authority	\$ 0	\$ 51,469	\$ 0	\$ 51,469
Obligations	\$ 3,634,239	\$ 3,798,000	\$ 4,401,000	+ \$ 603,000

RATIONALE FOR BUDGET REQUEST

The FY 2014 request for SSI administrative expenses is \$4,401,000,000. This appropriation is used to reimburse the trust funds for the SSI program's share of administrative expenses. This amount includes proposed mandatory administrative funding of \$587 million for FY 2014 SSI program integrity activities.

These amounts exclude funding made available in the LAE account from state user fees for SSA expenses for administering SSI state supplementary payments. The LAE account assumes funding of up to \$161,679,000 for SSI state supplementary user fees in FY 2013 and up to \$173,000,000 in FY 2014.

¹ The President's Budget proposes to provide \$266 million in mandatory administrative funding in FY 2013. Of the \$266 million, the SSI portion totals \$106 million.

² The President's Budget proposes to provide \$1.2 billion in mandatory administrative funding in FY 2014. Of the \$1.2 billion, the SSI portion totals \$587 million.

BENEFICIARY SERVICES

Authorizing Legislation: Sections 1148 and 1615(d) of the Social Security Act

PURPOSE AND METHOD OF OPERATION

Beneficiary services consist of the Vocational Rehabilitation (VR) and Ticket to Work programs. The objective of the programs is to help disabled individuals achieve and sustain productive, self-supporting work activity.

Table 2.19—Beneficiary Services: New Budget Authority and Obligations
(in thousands)

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY 13 to FY 14 Change
Appropriation	\$ 47,000	\$ 0	\$ 3,000	+ \$ 3,000
Obligations Funded from Prior-Year Unobligated Balances	\$ 34,182	\$ 42,000	\$ 45,000	+\$ 3,000
Obligations	\$ 34,182	\$ 42,000	\$ 48,000	+ \$ 6,000
Vocational Rehabilitation	\$ 29,744	\$ 34,000	\$ 37,000	+\$ 3,000
Ticket to Work	\$ 4,438	\$ 8,000	\$ 11,000	+\$ 3,000

In the VR program, SSA repays state VR agencies for the reasonable and necessary costs of services that successfully rehabilitate disabled SSI recipients. VR agencies are successful when a disabled recipient performs substantial gainful activity for a continuous period of nine months out of twelve.

A portion of the FY 2014 obligations in the above table will cover estimated payments authorized by the Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170). Under the Ticket program, SSA pays Employment Networks (ENs) for providing vocational rehabilitation, employment, and other support services to disabled SSI recipients. Recipients select an EN (including state VR agencies), which SSA pays in exchange for services that may reduce reliance on federal cash benefits.

Ticket payments, unlike VR reimbursement payments, are not based on the costs of specific services provided by the EN. SSA pays ENs on either an outcome-milestone payment method or an outcome-payment method. Under the outcome-milestone payment method, SSA pays the EN for each milestone the recipient successfully achieves. The recipient may continue to receive monthly benefit payments when SSA issues a milestone payment. In contrast, SSA will begin issuing outcome payments only after the individual's monthly benefit payments cease. SSA bases outcome-payment amounts on the prior year's national average disability benefit payable

under Title XVI. Outcome payments are payable for a maximum of 60 months (consecutive or otherwise).

RATIONALE FOR BUDGET REQUEST

SSA is requesting \$3 million in new budget authority for beneficiary services. SSA will use prior-year unobligated balances to cover all of FY 2013 and a portion of FY 2014 obligations.

In the Ticket to Work program, the estimate for FY 2014 assumes a total of 1,800 Ticket beneficiaries with payments to an EN, an increase from 1,700 in FY 2013.

In the VR Reimbursement program, the estimate for FY 2014 assumes a total of 3,400 distinct beneficiaries with significant work and reimbursement paid, an increase from 3,200 in FY 2013. For SSI-only recipients, the FY 2014 average cost per VR reimbursement payment is \$16,700 for an estimated 1,800 payments. For recipients concurrently receiving SSI and DI, the FY 2014 average SSI cost per VR reimbursement payment is \$4,400 for an estimated 1,600 payments. In FY 2013, the average cost per VR reimbursement to SSI-only recipients is \$16,200 for an estimated 1,700 payments. For SSI and DI concurrent recipients, the FY 2013 average SSI cost per VR reimbursement is \$4,600 for an estimated 1,500 payments.

SSA continues its ongoing efforts to improve management and oversight of the current VR program, to ensure program effectiveness, and to make certain the money spent is a good investment. This effort includes an ongoing quality review of state claims for reimbursement and continuing internal audits of the agency's payment process.

Table 2.20—SSI VR Reimbursement and Ticket to Work Payments

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY 13 to FY 14 Change
SSI VR Reimbursement Payments				
SSI-Only Payments	1,540	1,700	1,800	+ 100
SSI-Only Cost per Payment	\$ 15,800	\$ 16,200	\$ 16,700	+ \$ 500
SSI/DI Concurrent Payments	1,418	1,500	1,600	+ 100
SSI/DI Concurrent Cost per Payment (SSI portion of costs only)	\$ 4,300	\$ 4,700	\$ 4,400	- \$ 300
Total SSI VR Reimbursement Payments	2,958	3,200	3,400	+ 200
Total SSI VR Reimbursement Outlays (in thousands)	\$ 30,400	\$ 34,000	\$ 37,000	+ \$ 3,000
Ticket Beneficiaries with Payments (beneficiaries for whom we served and paid an EN)				
	1,600	1,700	1,800	+ 100
Total SSI Ticket Outlays (in thousands)	\$ 4,000	\$ 8,000	\$11,000	+ \$3,000

RESEARCH, DEMONSTRATION PROJECTS, AND OUTREACH

Authorizing Legislation: Sections 1110, 1115, and 1144 of the Social Security Act

PURPOSE AND METHOD OF OPERATION

SSA conducts extramural research, demonstrations, and outreach under sections 1110, 1115, 1144, and 234 of the Social Security Act. Projects funded under section 234 are not a part of this appropriations request.

Table 2.21—Research, Demonstration Projects, and Outreach: Budget Authority and Obligations (in thousands)

	FY 2012 Actual	FY 2013 Enacted	FY 2014 Estimate	FY 13 FY 14 Change
Appropriation	\$ 7,998	\$ 8,004	\$ 54,000	+ \$ 45,996
Obligations funded from prior-year balances	\$ 28,991	\$ 31,952	\$ 0	-\$ 31,952
Obligations	\$ 36,989	\$ 39,956	\$ 54,000	+ \$ 14,044

Section 1110 of the Social Security Act provides authority for conducting broad-based cross-programmatic projects for Social Security (OASDI) and SSI programs. This includes both waiver authorities for the SSI program, as well as projects dealing with specific SSI issues. Under the authority of section 1110, we fund a range of extramural projects: disability policy research, projects to develop effective rehabilitation and return-to-work strategies, financial literacy and education, retirement policy research, evaluations of proposed or newly enacted legislative changes, and projects to maintain and improve basic data about our programs and beneficiaries.

Section 1115 provides the Secretary of Health and Human Services (HHS) with the funding and authority to waive compliance with Medicaid requirements for the purpose of allowing states to participate in SSA's research and disability demonstration projects.

Section 1144 requires SSA to conduct outreach to those individuals with Medicare who are potentially eligible for state-administered Medicaid programs or Medicare prescription drug subsidies under Medicare Part D. We identify these potential beneficiaries, inform them about these programs, and notify state Medicaid agencies. The Centers for Medicare & Medicaid Services, within HHS, oversees both the Medicare and Medicaid programs.

RESEARCH INVESTMENT CRITERIA

To help ensure that our research and demonstration projects reflect the agency's long-term priorities and support the objectives of our Agency Strategic Plan, we have established guidelines for developing, managing, and vetting projects for potential inclusion in our long-term research and demonstration agenda. We employ a variety of methods to ensure: 1) that we meet the funding requirements of the sections of the Act that authorize our extramural research and demonstration activities; and 2) that our extramural research activities meet high standards for relevance, quality, and performance (OMB's investment criteria).

This section of our justification highlights some of the steps we take to ensure that our research activities meet OMB's research standards:

Relevance

The extramural research budget undergoes careful scrutiny both within SSA and by external monitoring authorities. A fundamental step in SSA's review is assuring that each project responds to current issues facing the Social Security retirement, disability and SSI programs. Our internal review process includes obtaining the advice and recommendations of researchers with technical expertise, program managers, and agency executives. We also receive input on our research program from the Social Security Advisory Board.

Internal reviews also help to ensure that funded activities: reflect SSA's strategic goals and objectives; help us respond to legislative requirements and other external mandates; and address high-priority issues. As a result, many of our extramural research activities are directed toward providing policymakers and the public with the analytical and data resources they need to assess the implications of reform proposals.

Our budget request reflects our support of the Administration's and Congress's ongoing goal to provide opportunities for disability beneficiaries to maximize their self-sufficiency through work. For example, we are working collaboratively with the Department of Labor (DOL), the Department of Education (ED), and the Department of Health and Human Services (HHS) in this area to test interventions that will improve the postsecondary education and employment outcomes of children who receive SSI. Our budget also includes provisions to increase the American public's basic financial management skills through support of projects that members of the Financial Literacy and Education Commission (FLEC) support. This is necessary because studies indicate a lack of effective retirement planning on the part of the public.

Quality

We use a competitive, merit-based procurement process to ensure that our extramural research program produces high quality results. We award nearly all of our extramural research projects conducted by private-sector organizations through competitive contracts or cooperative agreements.

We also generally make use of technical evaluation panels to review projects while they are in progress and to provide feedback and suggestions to the agency and its contractors. These panels include experts in a variety of relevant disciplines, such as statistics, economics, and survey

design. They help ensure that SSA-sponsored research projects use methodologies that are consistent with professional standards, that data are compiled using sound statistical procedures, and that analytical techniques and data are appropriate for the problem at hand. In addition, the research that we sponsor through the Retirement Research Consortium (RRC) and Disability Research Consortium (DRC) are subject to academic peer review through seminars, workshops, and working papers.

Performance

We carry out our extramural research and evaluation projects primarily through contracts, jointly funded cooperative agreements, and grants that identify specific deliverables and timetables. The agency has sent a strong message to contractors that they must complete projects on time and within budget. Contracting Officer Technical Representatives (COTR), project officers, administrative staff, and senior executives monitor the progress of all research contracts and agreements.

Consistent with the Administration's encouragement to support evidence based evaluations, we produce reports and data files for each research and evaluation project in an effort to determine whether existing or proposed programs are working as they are intended to. Where appropriate, we make these reports publicly available or announce their availability in the Social Security Bulletin and on the Web. The RRC also disseminates output at annual conferences, on the Web, and through a variety of publications, workshops, and courses. Finally, agency funded research based on Survey of Income and Program Participation (SIPP), Health and Retirement Study (HRS), or the Model of Income in the Near Term (MINT) model are widely cited in both professional publications and the mainstream press.

RATIONALE FOR BUDGET REQUEST

In FY 2014 we are requesting \$54 million in new budget authority for research projects designed to explore potential improvements to our programs. Our research budget emphasizes continued support for key Congressional and long-standing SSA priorities, such as the development of the Occupational Information System (OIS), the Disability Research Consortium (DRC), and rigorous evaluation of the Promoting Readiness of Minors in SSI (PROMISE) pilot. We will also fund an independent study of the SSI program for children which we plan to begin in FY 2013.

Because our FY 2013 research and demonstration agenda relies heavily on funds appropriated in prior years, we expect that existing carryover funds will be exhausted by the end of FY 2013. As a result, timely enactment of the President's 2014 Budget will be needed in order to avoid a lapse in funding during the first part of the year for important projects like our OIS, Compassionate Allowances, SIPP, and SSI Childhood Disability Study.

Our 2014 request will support projects that are integral to improving the disability process and provide analytical and data resources to prepare and review important policy proposals. We plan to fund a number of disability research and demonstration projects designed to promote self-sufficiency and assist individuals in their effort to return to work. One of these projects, the PROMISE pilot, tests interventions that will reduce the dependency of SSI child recipients and their families on SSI benefits.

Additionally, as the debate on how best to strengthen and reform Social Security continues, we must work to ensure that policymakers and the public have the information needed to assess the implications of the proposals under consideration. In support of this effort, we plan to continue funding the Retirement Research Consortium (RRC), which will continue to maintain our capability to produce policy-relevant research on retirement, and the DRC, which will continue to address a significant shortage of disability policy research and foster collaborative research with other federal agencies that serve individuals with disabilities.

Our FY 2014 extramural research budget represents less than one percent of SSA's non-programmatic resources. The table and discussion that follows present the research and outreach efforts we plan to fund in FY 2014 in more detail.

**Table 2.22—Major Research Areas and Outreach:
Obligations and New Budget Authority (in thousands)^{1,2}**

	Obligations ³		
	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Deliver Quality Disability Decisions and Services	\$ 20,412	\$ 24,112	\$ 33,753
Compassionate Allowances	\$ 3,723	\$ 1,083	\$ 2,390
Disability Determination Process Small Grants	\$ 300	\$ 150	\$ 300
Disability Research Consortium (DRC)	\$ 5,010	\$ 3,800	\$ 5,500
Evaluation of Ticket to Work (TTW)	\$ 628	\$ 0	\$ 0
Listing of Impairments	\$ 0	\$ 800	\$ 600
National Beneficiary Survey (NBS)	\$ 4,733	\$ 0	\$ 500
Occupational Information Systems (OIS)	\$ 592	\$ 10,932	\$ 15,000
Other Research	\$ 848	\$ 1,044	\$ 1,963
Programmatic Longitudinal Disability Data Repository (PLDDR)	\$ 3,283	\$ 0	\$ 0
Promoting Readiness of Minors in SSI (PROMISE)	\$ 4	\$ 2,500	\$ 2,500
SSI Childhood Disability Study	\$ 0	\$ 2,500	\$ 5,000
Temporary Assistance to Needy Families (TANF)	\$ 129	\$ 0	\$ 0
Youth Transition Demonstration (YTD)	\$ 1,162	\$ 1,303	\$ 0
Provide Quality Services to the Public	\$ 1,641	\$ 1,744	\$ 1,745
Medicare Outreach	\$ 1,641	\$ 1,744	\$ 1,745
Preserve the Public's Trust in Our Programs	\$ 14,936	\$ 14,100	\$ 18,502
CENSUS Surveys	\$ 750	\$ 1,250	\$ 4,500
Health & Retirement Study	\$ 2,735	\$ 2,700	\$ 3,000
Modernization of Statistical Table Processes	\$ 2,479	\$ 1,350	\$ 0
Other Data Development	\$ 332	\$ 290	\$ 302
Retirement Research Consortium (RRC)	\$ 5,001	\$ 5,000	\$ 5,500
Retirement Income Modeling	\$ 282	\$ 0	\$ 1,000
American Life Panel (ALP) Enhancements	\$ 968	\$ 1,000	\$ 1,490
Collaboration with Other FLEC Members	\$ 681	\$ 910	\$ 910
Health & Retirement Study (HRS) Supplement	\$ 1,500	\$ 1,500	\$ 1,500
Programmatic Development	\$ 208	\$ 100	\$ 300
Total Obligations	\$ 36,989	\$ 39,956	\$ 54,000
New Budget Authority	\$ 7,998	\$ 8,004	\$ 54,000

¹ Does not include funding authorized under section 234.

² Totals may not add due to rounding.

³ This amount includes obligations funded from prior-year unobligated balances.

MAJOR RESEARCH AND OUTREACH PROJECTS

Although our extramural research budget represents a small piece of our overall funding, our research and demonstration projects help us to significantly increase the efficiency and accuracy of our mission-critical work. Below is a detailed summary, by category, of the major research and demonstration projects we plan to conduct in FY 2014:

Deliver Quality Disability Decisions and Services

The Social Security and SSI disability programs are the largest Federal programs providing assistance to people with disabilities. Eliminating the disability hearings backlog and improving the disability process are two of our top priorities. Key projects in support of this effort include:

Compassionate Allowances (CAL) Initiative

The CAL initiative identifies diseases and other medical conditions that invariably qualify for allowance under the Listing of Impairments based on minimal objective medical information and that we can fast-track for determination as soon as we confirm the diagnosis, onset date and obtain other medical evidence. In FY 2012, we used CAL and the Quick Disability Determination (QDD) initiatives to fast track decisions for over 174,000 claimants.

Under an agreement with the National Institutes of Health's (NIH) Office of Extramural Research that runs through 2016, NIH provides in-depth analysis of our existing data and assists in identifying CAL conditions. NIH also contracts with Boston University (BU) in developing a computer-adaptive tool (CAT) that will provide accurate, uniform, and rapid information collection about individuals' potential to engage in substantial gainful activity.

In FY 2012, NIH continued an in-depth analysis of our data while also submitting potential CAL conditions. Likewise, BU advanced CAT development with the completion of two functional domains: mobility and interpersonal interactions. To date, our partnership has resulted in a productive cross-governmental relationship, significant cost-sharing and scientifically and legally defensible research.

In FY 2013, BU will begin developing the remaining CAT domains -- learning and applying knowledge and daily activities -- while NIH continues analysis of our data with a primary focus on the disability adjudication process.

Disability Determination Process Small Grants Program

This grant program provides one-year stipends to graduate and post-doctoral students to conduct disability research, including research that supports the identification of more claims for fast-tracking under the CAL/QDD process. Other potential research topics include: an examination of severity thresholds in medical conditions that meet CAL criteria; whether current medical listings provide consistent consideration regarding the use of assistive technology for disability determination purposes; the potential for predictive modeling and focusing on information collection instruments; and the relationship between homelessness and disability.

In September 2011, we awarded a five-year grant to Policy Research Inc. (PRI) to run the small grants program. PRI targeted graduate programs in public health, social work, occupational

medicine, vocational and rehabilitation counseling, public policy and administration, sociology, psychology, education, economics, medicine, and law. Each of the teams PRI convenes to review the proposals will include at least one person with a disability.

PRI approved 8 proposals in the first cohort of student stipend awards, with 7 of the final reports received. The 8th report is scheduled to be received the end of April 2013. In the second cohort of stipend awards, PRI approved 10 proposals. The final reports are due the end of July 2013. The third cohort had eighteen applications.

Please see the [disability determination small grant program](#) website for a list of the 18 awarded projects:

Disability Research Consortium (DRC)

In FY 2012, we established the DRC by awarding fully open and competitive 5-year cooperative agreements to the Mathematica Policy Research and the National Bureau of Economic Research. These agreements provide us access to the best analysts that maintain expertise on the full range of Social Security and other federal disability programs. In FY 2014, we will fund the 3rd year of the DRC grants.

The DRC will build a stronger extramural research capability in the area of disability and policy related issues that are amenable to empirical investigation and provide policy research that cuts across Federal disability programs. The DRC will plan and execute research in an inclusive and collaborative manner, working with the Federal agencies that administer disability programs, such as the Departments of Veterans Affairs, Labor, Education, and HHS.

Functioning in a similar manner to our very successful and productive RRC, the DRC will provide research grants through university-based centers and other non-governmental organizations widely recognized as having expertise in conducting empirical studies of disability programs or having made contributions to disability and rehabilitation research. The DRC will expand the quantity of policy-relevant disability research and fund the availability of expertise in areas of disability research that we do not already have in-house.

Listing of Impairments

As part of our efforts to continuously improve the administration and effectiveness of our disability programs, we have pursued an aggressive schedule for comprehensively updating the medical criteria we use to determine disability, the Listing of Impairments (listings). We reexamine groups of related impairments on a 3-5 year cycle to ensure that these listings remain clear and medically up-to-date. As part of this process we solicit feedback, perform trend studies, and obtain advice from independent medical experts in a variety of medical and clinical disciplines. The *Committee of Medical Experts to Assist Social Security on Disability Issues*, a standing multidisciplinary expert medical committee convened by the National Academy of Sciences (NAS) Institute of Medicine (IOM), provides us such advice through meetings, workshops/symposiums, and Federal Advisory Committee Act (FACA)-compliant consensus study committees.

The IOM Standing Committee provides us with the most current medical information by conducting surveillance research to identify advancements in new technologies, diagnostics,

biomarkers, and methods for detecting medical conditions. The multidisciplinary information that results from this research is critical in identifying opportunities for us to update the listings in an effective, targeted way. Having independent medical experts provide us this information maintains the listings' objectivity. Additionally, by using FACA-compliant consensus study committees (not to be mistaken with a FACA panel) that include members with clinical expertise concerning particular impairments, we quickly obtain publically available reports that provide us with advice and recommendations on improving the effectiveness of the listings. Finally, we identify the key groups of related impairments that the committee reviews on an as needed basis, including mental impairments and speech or language disorders.

Since 2004, we have updated approximately 70 percent of the listings and are on track to propose revisions in the Federal Register for all listings by the end of 2014. Listings-related Federal Register Notices in FY 2009 thru FY 2013 (through February) include:

Final Rule

- Malignant Neoplastic Diseases (10/06/2009)
- Hearing Impairments (06/02/10)
- Neurological (Technical correction for neurological listing cross-reference) (03/24/2011)
- Endocrine Disorders (04/08/2011)
- Congenital Disorders That Affect Multiple Body Systems (02/04/2013)

Notice of Proposed Rulemaking

- Mental Disorders (08/19/2010)
- Visual Impairments (02/13/2012)
- Change in Terminology” “Mental Retardation” to “Intellectual Disability” (01/28/2013)
- Genitourinary Disorders (02/04/2013)
- Respiratory Disorders (02/04/2013)

Advance Notice of Proposed Rulemaking

- Impairments Affecting Multiple Body System (11/10/2009)
- Skin Disorders (11/10/2009)
- Speech-Language Disorders (02/06/2012)

Other Listing-Related Accomplishments

- Publication of Social Security Ruling, SSR13-2p: Titles II and XVI: Evaluating Cases Involving Drug Addiction and Alcoholism (DDA) (02/20/2013)
- One-year post-implementation review of Hearing Impairments, Digestive Disorders, Endocrine Disorders, and Immune System Disorders final rules

In FY 2013, we will enter into a new 3-year contract with the IOM to maintain the independent IOM Standing Committee. As directed by the agency, the committee's activities will occur before and during the proposed rule-making stages of the business process. IOM's involvement in this process is essential because the research IOM conducts and the independent, unbiased and authoritative medical and clinical advice IOM provides is critical to increasing the effectiveness of our disability programs.

The Listings project is appropriately funded through Section 1110 authority because it increases our stock of knowledge and involves effort that is beyond routine monitoring and evaluation of our operational program. It is also impractical for SSA to maintain the expert staff required to address all of the medical and clinical disciplines covered by the listings, so this work is necessarily conducted outside the agency. As such, we charge the contract costs associated with this effort to our research budget. The cost of internal staff work to support the administration of these projects, however, is charged to our Limitation on Administrative Expenses budget.

National Beneficiary Survey (NBS)

The NBS collects data from a national sample of Social Security Disability Insurance (SSDI) and SSI beneficiaries and a sample of Ticket to Work (TTW) participants that are not available from any other source. We have used the NBS to provide information on our programs and beneficiaries to answer questions for SSA, other federal agencies, the Government Accountability Office (GAO), Congress, and support research projects. The NBS is available as a public use file on Data.gov and the SSA website.

From the NBS we have learned about the health and socio-demographic characteristics of our SSI and SSDI beneficiaries with disabilities including their physical and mental health status, functional limitations, education, health insurance, household living arrangements, and income. Beyond this basic information, we have also examined the work aspirations of beneficiaries with disabilities, their use of employment-related services, and their work activities and outcomes.

The NBS has provided us with detailed information on wages, hours of work, benefits, work accommodations and unmet needs, and the barriers beneficiaries face as they try to work. NBS data tell us that nearly half of all beneficiaries are interested in work and many are pursuing employment goals. The data also tell us that many barriers to work remain. Beneficiaries tend to have activity limitations, poor health, and low levels of education that limit their employment opportunities. Many rely on a web of public programs that could be jeopardized by work and earnings. Many also experience work-specific obstacles, such as a lack of reliable transportation, inaccessible workplaces, and discouragement from work, either by others or through their own experiences.

We completed the first three rounds of the NBS in 2004, 2005, and 2006, and the fourth round in 2010. We completed 27,000 interviews across the four rounds of the NBS. The response rate for rounds 1-3 averaged 80 percent, and the response rate for round 4 was 72 percent. In FY 2012, we began to make changes in the NBS to collect more information on the factors associated with successful and unsuccessful work attempts by our beneficiaries with disabilities and less information on the ticket to work program.

We plan to continue collecting information on a nationally representative sample of beneficiaries, but we will also include a sub-sample of beneficiaries whose benefits we have suspended due to work. For these suspended beneficiaries, we will replace TTW specific questions with questions that focus on the home, community, employer, and SSA conditions that influence successful work attempts. We have started developing the new questions and sample design to implement this redesigned NBS in FY 2013 and will begin the first of three rounds of the survey in FY 2014.

Public use data files, documentation, and reports for the first four rounds of the NBS are available on [the national beneficiary survey website](#)

Occupational Information System (OIS)

To determine whether disability applicants qualify for benefits, our adjudicators follow a sequential five-step evaluation process. At the first three steps, we determine eligibility primarily based on the severity of claimants' medical conditions. At steps four and five, we require information about work in the national economy in order to determine whether claimants' impairment-related limitations would prevent them from working. The majority of our claims are decided at steps four and five. Currently, we base these medical-vocational decisions on the occupational information found in the DOL's Dictionary of Occupational Titles (DOT) and its companion volume, the Selected Characteristics of Occupations Although DOL did not design the DOT for our use, we adapted our disability program to it by incorporating many of its concepts and definitions into our regulations and policy. DOL, however, stopped updating the DOT in 1991 and replaced it with the Occupational Information Network (O*NET) which we are not able to use in our disability adjudication process.

In August of 2008, we assembled a project team to develop the OIS, and in December 2008, we established the Occupational Information Development Advisory Panel (the Panel), in accordance with the Federal Advisory Committee Act. The Panel made recommendations to us regarding OIS development and held regular public meetings. These meetings served the important purpose of allowing stakeholders external to SSA, such as disability advocates and vocational experts, to share their advice and concerns regarding our OIS development. The charter for the Panel expired on July 6, 2012.

Although the Panel recommended that we develop a new OIS tailored specifically for our disability program needs, the prohibitive cost and the uncertainties associated with embarking on such a major project outside of SSA's area of expertise caused us to consider alternatives. In July 2012, we signed an interagency agreement with the Bureau of Labor Statistics (BLS) to test the feasibility of using the National Compensation Survey platform to collect updated occupational information similar to what our adjudicators currently use. Initially BLS will classify occupations using O*NET's framework.

We will also work with DOL's Employment and Training Administration (ETA) to determine which elements of O*NET can be incorporated with the data collected by BLS for use in our OIS. As O*NET does not describe the critical exertional and nonexertional requirements of occupations in such a way that we can use them in disability adjudication, BLS will collect this data along with information about Specific Vocational Preparation and environmental factors based on our current policy definitions. In September 2012, we held an introductory meeting with O*NET staff at ETA to begin a conversation about how we might use O*NET data and its internet platform. We will continue our correspondence with ETA during the coming year.

In FY 2013, BLS is conducting data collection testing in three phases. At the end of each phase, BLS will consult with SSA, evaluate test results, and make refinements to the data collection protocols, testing design, and test processes. We expect to continue testing in FY 2014 to resolve outstanding issues identified as a result of research and development in FY 2013,

develop a formal production plan for sampling and data collection, and integrate research findings into the training of data collectors. Without sufficient funding in FY 2014, BLS resources will be lost or re-deployed at the end of FY 2013. With sufficient funding, however, we expect to be in a position to collect production data starting in FY 2015. In order to avoid jeopardizing the success of the project, necessary funding for OIS needs to be available at the beginning of FY 2014.

We use Section 1110 funding for all OIS research and development contracts while our LAE budget pays for the salary and benefits costs of the SSA employees managing the project. For more information regarding the OIS project please visit [the Occupation Information System Project website](#).

Other Disability Research

Other disability research includes projects that provide broad program analysis and development in support of the SSDI and SSI programs. These projects typically include studies of program policy issues, the identification of trends in the disability programs, the formulation of agency policy regarding cross-cutting programs or issues related to disability and/or income assistance programs, and the development and implementation of policy and procedures on SSDI and SSI work incentives. Often, these projects address necessary but unforeseen requests for studies from Congress, OMB, or our leadership which are typically quick turnaround projects (e.g. recent ACUS research into ALJ outliers and the duty of candor).

In FY 2014, we intend to use this funding line to continue the Ticket Research File and conduct follow-up research pertaining to Accelerated Benefits and the Mental Health Treatment Study interventions.

Promoting Readiness of Minors in SSI (PROMISE)

PROMISE is a joint pilot demonstration program with ED, HHS, and DOL. The goal of the program is to test interventions that improve the health, education, and post-school outcomes of children who receive SSI, including the completion of postsecondary education and employment, and to improve family or household outcomes through improved services and supports, such as education and job training for parents.

In FY 2013, ED's Office of Special Education and Rehabilitation Services will award competitive grants to a small number of states. States will use these funds to improve coordination and increase the use of existing services for eligible children receiving SSI and their families, such as those available through the Individuals with Disabilities Education Act, the Vocational Rehabilitation State Grants program, Medicaid's care coordination services, Job Corps, Head Start, and other Workforce Investment Act programs.

Developing and conducting a rigorous evaluation to guide implementation, gather evidence, and validate incentive payments is a key component of PROMISE. In FY 2012, we convened a technical advisory panel to help prioritize the evaluation needs of this project. In FY 2013, we will award a contract to evaluate PROMISE pilot interventions. In FY 2014, our evaluation contractor will provide technical assistance to the state grantees and begin randomly assigning youth into treatment and control groups.

SSI Childhood Disability Study

The SSI disability program provides monthly payments to more than 1.2 million children with disabilities. There have been questions raised about trends in the diagnosis of mental impairments among children and concerns about whether SSI program rules may be affecting decisions that medical professionals, parents, and others are making about how to treat children. The goal of this study is to provide an assessment of the SSI program for children. We plan to accomplish this by entering into an extramural research agreement with an agency or organization that has a measure of expertise, independence, objectivity, and audience acceptance that meets our needs.

Provide Quality Services to the Public

Medicare Outreach – Section 1144

Section 1144 of the Social Security Act requires that we conduct outreach to Medicare beneficiaries who may qualify for Medicare cost-sharing assistance under the Medicare Savings Programs (MSP) and for the Medicare prescription drug coverage low-income subsidy. In order to meet this requirement, we have targeted our outreach efforts to include income-tested new Medicare beneficiaries, beneficiaries that have experienced a drop in income, and 20 percent of those whom we have previously notified of their potential eligibility.

We use a variety of outreach methods to inform those who potentially qualify for the MSP and/or subsidized Part D. We also send outreach letters to former disability insurance beneficiaries without Medicaid who lost their free Medicare Part A due to work. These beneficiaries may be eligible to get help from the MSP to pay their monthly Part A premiums.

We are also required to share lists of individuals potentially eligible for cost sharing with state Medicaid agencies. The major objective of these projects is to increase enrollment of eligible low-income individuals into programs that assist Medicare beneficiaries with their out-of-pocket medical expenses, including prescription drugs. In addition, we are required to make MSP applications available in a number of languages and we must share Medicare subsidized prescription drug benefit application information with the states so they can initiate applications for the cost-sharing MSP unless the beneficiary objects. In FY 2014, we anticipate sending approximately 4 million mailings associated with our MSP outreach efforts.

Preserve the Public's Trust in Our Programs

One of the primary aims of our research program is to preserve the public's trust in our programs by simplifying and streamlining how we do our work. To meet the challenges of our growing workload, our research program provides analyses and data that support our efforts to make Social Security more responsive to the needs of the 21st century workforce. The following project summaries highlight the external efforts we plan to fund in FY 2014 that will help to simplify and streamline our policies, procedures, and business processes, as well as maximize our use of automation:

Census Surveys

The Census Bureau's surveys—primarily the SIPP and the Current Population Survey—are the foundation for much of our policy analysis and modeling efforts. Improving the overall quality of data from Census Bureau surveys enhances the value and reliability of the analyses we conduct. We support efforts to improve the quality of Census Bureau survey data that are of direct relevance to analyses of the Social Security, SSI, and related income-maintenance programs. In addition, we support efforts by the Census Bureau to improve the ability to match Census Bureau survey data to our administrative data on benefits and earnings. One major accomplishment was the completion of a joint project with the Census Bureau and the Internal Revenue Service to create a public-use version of SIPP that is linked to SSA administrative data (based largely on synthesized information). This file is publicly available on the Census Bureau web site.

Beginning in FY 2010, a major focus of our funding has been to contribute to the Census Bureau's re-engineering of SIPP, with a new survey to be fielded in 2014. We rely upon SIPP data matched to our records to study the effects of OASDI, SSI, and related programs and to determine how changes to our programs affect individuals, the economy, and program solvency. Some of the important data elements required for our modeling and analysis efforts are not contained in the Census Bureau's current plan for the re-engineered SIPP. In recent years, we have provided funding and worked with Census to design a supplementary data collection to the re-engineered SIPP to meet our research and evaluation needs. Our FY 2014 funding plans will support the data collection itself.

Failure to fully fund this project in FY 2014 will severely impair our ability to use the MINT model to respond to requests from the White House, Congress, and others to evaluate the impact of proposed changes to the Social Security programs. Delaying or reducing funding for this project in FY 2014 would effectively eliminate the Census Bureau's ability to collect the supplementary data for us.

Health and Retirement Study (HRS)

The HRS has become the premier source of data on the retirement-age population, especially when linked with SSA administrative records on benefits and earnings. The study paints an emerging portrait of our aging nation's transition from work to retirement and provides data on health and economic well-being after retirement. HRS data help SSA study and assess a wide range of issues, including pre-retirement saving, health insurance and pension coverage, retirement patterns, and projected benefits of disabled and retired workers. The survey collects information on the same sample members every 2 years, allowing SSA researchers to study changes over time. HRS also adds sample members from new birth cohorts every 6 years, allowing SSA researchers to study changes across generations (e.g. people born during the World War II era vs. people born during the Baby Boom).

SSA provides funding for this initiative through Jointly Financed Cooperative Agreements with the National Institute on Aging (NIA). This funding supports some key efforts to enhance the usefulness of this survey. One is the production of a user-friendly HRS data file, which was originally developed for use by an SSA contractor and is now also heavily used by outside analysts to facilitate longitudinal analyses. Another effort involves conducting in-person interviews to improve consent rates to a level that will permit the matching of the data to SSA

records – a critical requirement of many of our SSA-related analyses. A third is the collection of longitudinal data on consumption patterns of a subset of HRS respondents to expand our understanding of economic well-being.

HRS longitudinal data on the retirement-age population, matched with SSA longitudinal records on benefits and earnings, is the most powerful data source available to address important policy questions on retirement issues. HRS is an important database for estimating some of the relationships underlying the MINT model. HRS is used in a large percentage of studies funded through our RRC. Countless publications by SSA and RRC researchers are based on HRS data and cover an exceptionally wide range of topics related to changing consumption at retirement, planning for retirement and financial literacy, managing risks in retirement, assessing the effects of the changing pension environment, adequacy of saving for retirement, and effects of Social Security reform options.

Other Data Development

A key ingredient to providing information for decision-makers on the Social Security and SSI programs is having appropriate data available to answer questions on a range of pending issues. We develop and maintain a series of detailed statistical databases drawn from our major administrative data systems, prepare a broad range of statistical tables, produce statistical compilations and publications, and develop information for research, evaluation, models and special requests on current policy issues.

This project funds the creation of data that are needed to inform policymakers about important programs, efforts to make data more widely accessible or usable for policy research purposes, and collaboration with other agencies to study issues of policy relevance or to improve data quality and methods of data analysis.

Projects include:

- *Workers' Compensation Statistics*—provides support for the production of an income series on workers' compensation that we formerly produced in-house on a regular basis but that we no longer produce because of staffing losses. We publish these statistics on an ongoing basis in our *Annual Statistical Supplement*.
- *Committee on National Statistics of the National Research Council*—provides support to the committee to improve statistical methods and information on which public policy decisions are based. Committee topics include expanding access to research data, issues in developing cost-of-living indices for federal programs, and data and methods for measuring the effects of changes in social welfare programs.
- *Joint Program in Survey Methodology*—a project jointly sponsored by the Census Bureau and the Interagency Council on Statistical Policy to train the next generation of researchers on methods for survey research in the 21st century.
- *Research on Survey Methodology Program*—a project jointly sponsored by the National Science Foundation and the Interagency Council on Statistical Policy to further the development of new and innovative approaches to surveys that will have broad implications for the field in general and specifically for the federal statistical system. Research topics include survey measurement issues, data collection procedures, technological issues related to survey design, and methods for the analysis of survey data.

- *Key Indicators of Well-Being of Older Americans*—provides support to the Federal Interagency Forum on Aging-Related Statistics for an interagency collaboration to produce a chartbook with 37 key indicators about older Americans in five broad areas: population, economics, health status, health risks and behaviors, and health care.

In addition to these specific projects, we will try to respond to new needs and opportunities for expansion and improvement of data as they arise.

Funding for this project provides the leverage to identify needs for data development and to provide financial support, often in collaboration with other federal agencies, to meet those needs. The project also helps to promote research that improves the efficiency and timeliness of our data operations, increases the accuracy and consistency of our statistics, and provides greater ability to retrieve and combine data from multiple systems.

Retirement Research Consortium (RRC)

The RRC is one of SSA's key tools for maintaining a strong capability to produce policy-relevant research on retirement and Social Security. The RRC centers have greatly expanded the amount of policy research on Social Security-related issues and have responded to SSA's specific analytical needs for which SSA does not have in-house expertise. SSA also funds dissertation and training grants through the RRC to encourage new researchers in retirement and Social Security.

Through the RRC, SSA funds approximately 40-60 research projects per year, plus up to seven junior scholar grants and seven dissertation grants. The RRC hosts an annual conference at which recent research findings are presented to an audience including members of the media, academia, government agencies, Congressional staff, and SSA executives and staff. The goal of the conference is to foster dialogue between researchers and policymakers. RRC researchers also conduct research seminars at SSA's Washington, DC office to disseminate results to SSA researchers and executives and to solicit feedback on their research. The results of the RRC's research are widely reported in professional journals and conferences and in leading newspapers, radio, and television programs. Each year, we solicit input from all SSA components on priority research questions, which has helped us to focus the RRC's research on topics of direct interest.

Results of RRC research have been used to enhance our MINT model, improve simulations of the effects of policy changes, develop a regulation to close a loophole in an unusual benefit claiming strategy, and inform policy makers about the automatic enrollment provision of the Pension Protection Act of 2006. Moreover, a special study was recently carried out by the RRC to assist our Office of Disability Programs with a listing update. We have recently approved projects to examine the long run relationship between real interest rates and economic growth for SSA's Office of the Chief Actuary. A series of studies have also analyzed the effects of the Great Recession on SSA programs and beneficiaries. On-going studies will examine the potential effects of health care reforms on SSA programs.

The RRC is funded via section 1110 funded 5-year cooperative agreements using a fully open and competitive process. The current agreements run through FY 2013. We will recompet the RRC cooperative agreements in FY 2013 to award new 5-year cooperative agreements that run through FY 2018. The centers, currently based at the University of Michigan, Boston College,

and the National Bureau of Economic Research, provide us with access to the best analysts on the full range of Social Security issues.

Retirement Income Modeling

Fundamental changes to the Social Security program can have a significant effect on the distribution of benefits, total retirement income, and incidence of poverty. Econometric and simulation models can provide policy makers with detailed information on the effects of changes in government programs on individuals, with projections for years into the future. SSA's MINT model is an important tool for such evaluations. MINT's projections of the aged population have been extended well into the 21st century to enable simulation of additional Social Security policy changes. MINT is particularly well suited for studying the distributional effects of reform proposals that are phased in immediately and fully implemented over time. MINT has for example been used by SSA, GAO, the Council of Economic Advisors, the House Ways and Means Committee, and OMB. MINT estimates have provided data for numerous congressional policy proposals.

SSA continually assesses the functionality of MINT. In the coming years, we expect to enhance MINT to incorporate behavioral responses, model family-level consumption, and improve processing efficiency and turnaround time. MINT is updated frequently to enhance components of the model, add new components, use more recent data, and incorporate the latest assumptions from the Trustees Reports through individual 1 to 2 year contracts. We have completed a series of jointly funded 3 to 5 year research grants with the National Institute on Aging (NIA) to inform us about improved methodologies for micro-simulation policy projections.

The MINT project provides quality and productivity improvements that we do not have the staffing resources or expertise to make. All costs for the development of MINT are charged to our Section 1110 appropriation. However, most MINT analyses are conducted in-house and our LAE budget funds these costs.

American Life Panel (ALP) Enhancements

The ALP is an innovative, nationally representative longitudinal internet panel. Through a jointly financed cooperative agreement with the NIA, our support will maintain the increased bilingual and vulnerable population sample size we funded in prior fiscal years and allow for additional data improvements that support policy-relevant research and evidence-based decision-making. Planned data enhancements include:

- Increasing the sample size of American Indians and Alaska Natives so that we can conduct more robust retirement security research on this understudied group to inform SSA's targeted outreach efforts; for more information please see our website; and
- Developing a Quick Turnaround Project fund for directly testing and answering emerging research questions from internal and external policy makers.
- The ALP enhancements allow SSA to make more informed decisions about initiating new policies, procedures, and educational products designed to enhance retirement security. The ALP data is also a public good because the sample we support is available for researchers inside and outside of SSA to use in addressing research questions. For

example, the FINRA Investor Education Foundation recently used the ALP to run the Financial Capability Study with a sample that included part of the vulnerable population group that SSA funded. With the exception of our staff time related to administering the funding agreement, the cost associated with our ALP enhancement is charged to our section 1110 appropriation.

Health and Retirement Study (HRS) Supplement

The HRS is an important source of longitudinal data on retirement and aging. Through a jointly financed cooperative agreement with NIA, this project will maintain the increased sample size for minority and low income populations. The minority expansion will continue to have HRS data matched to agency administrative records. As subsequent waves of HRS data are collected, these activities entail initial development and on-going updates or maintenance.

The HRS minority samples expansion will allow researchers to complete subgroup analysis of vulnerable populations, which is particularly important as it has become the premier data source for research on the near-retirement-age and retirement-age population. The HRS is used heavily for research projects funded by SSA through the RRC and by SSA staff in conducting research on topics including pension participation, differences in contributions to tax-deferred savings accounts among different birth cohorts, and retirement resources of near-retirees. The HRS data we support is also available for outside researchers to use. With the exception of our staff time related to administering the funding agreement, the cost associated with our HRS supplement is charged to our section 1110 appropriation.

Collaboration with Other FLEC Members

In FY 2014, we will continue our focus on collaborative initiatives designed to improve retirement security among vulnerable populations. One component of this effort will be supporting activities of federal agencies that are members of the FLEC. The FLEC, established by Congress in 2003, is a consortium of more than twenty federal departments, agencies, and entities working together toward the goal of improving the financial literacy and education of persons in the United States. Coordinating extramural research efforts on financial literacy and retirement security with other federal agencies allows SSA to minimize redundancy, identify best practices, share results, and leverage existing investments.

In FY 2014, we plan to continue supporting jointly funded cooperative agreements (JFCAs) with ED, a key FLEC partner. Our extramural research partnership with ED builds on existing programs to foster retirement security-related research at Historically Black Colleges and Universities (HBCUs) and other minority-serving institutions. This partnership, which is consistent with the [President's interest in Executive agencies supporting HBCUs](#), began at the end of FY 2011. ED plans to issue the initial awards under the program in FY 2013.

Investing in this collaborative research initiative is a critical way for SSA to support the FLEC and to help improve financial capability, financial literacy, and retirement security among economically vulnerable groups. We anticipate this program may also increase the return on our investment in data support for the ALP and HRS. More broadly the financial literacy and education research we fund via this project line is specifically designed to prevent dependency in old age and to promote understanding and effectiveness of Social Security program features.

Supplemental Security Income Program

With the exception of our staff time related to administering the programs, all costs for these activities are charged to our section 1110 appropriation.

Programmatic Development

Our programmatic development initiatives include research funding for Washington Internship for Native Students (WINS) interns and Intergovernmental Personnel Act (IPA) scholars to conduct programmatic development research.

The WINS program, developed in response to a White House initiative, is a partnership with American University in which students of American Indian, Alaska Native, and Native Hawaiian ancestry intern with various federal agencies for a semester. We utilize the WINS program to enlist uniquely qualified students to perform research on topics relevant to retirement security among Native populations. As an example, past WINS interns have co-authored the following [publicly available research papers](#): Measures of Health and Economic Well-Being Among American Indians and Alaska Natives Aged 62 or Older in 2030; and [An Overview of American Indians and Alaskan Natives in the Context of Social Security and Supplemental Security Income](#)).

This research is critical because Native populations are economically vulnerable and generally understudied. The WINS interns we select have both the unique cultural understanding and research skills necessary to address retirement security issues among American Indian, Alaska Native, and Native Hawaiian populations. Due to budget constraints, we suspended our support for WINS student researchers in FY 2013, but we hope to continue the initiative in FY 2014.

We also fund recognized scholars to work on defined and targeted projects through the IPA program to help create unique and valuable retirement research relevant to SSA's mission. Recent accomplishments from the IPA program include research on the impact of the Social Security Statement, the earnings implications of divorce for women, and the effects of employment gaps and layoffs on earnings and Social Security benefits.

Staff time related to administering these programs is charged to our LAE budget, whereas the costs directly related to the WINS and IPA agreements are charged to our section 1110 appropriation.

OTHER PROJECTS OF INTEREST

The following section highlights the results and findings of the Section 1110 projects that are either concluding in FY 2013 or that do not require funding in FY 2014. Additionally, for a detailed update of all our demonstration projects please consult our latest report to Congress which is available on our Program Development and Research ([website](#)).

Youth Transition Demonstration (YTD) – No funding required in FY 2014

YTD is a research study designed to identify services, implement integrated service interventions, and test modified SSI rules (program waivers) that lead to better education and employment outcomes for youths with disabilities. The program waivers promote work and asset accumulation. The evaluation uses a random assignment design in which we randomly chose eligible youth to either receive YTD services or to be in a control group that will remain eligible for non-YTD services in the community.

Preliminary results from the YTD sites have been promising, indicating that youth receiving YTD services are receiving more employment-promoting services than the control group, are more likely to have received benefits counseling, and are more likely to use certain Social Security work incentives. Some sites saw sharp increases in employment for YTD participants as compared to the control group.

The last of the YTD sites closed in FY 2012. Although no funding is requested for YTD in FY 2014, during the fourth quarter of 2014 we will complete the final comprehensive YTD evaluation report, including impact estimates from a 36-month follow-up survey and administrative data for all six random-assignment sites.

Evaluation of Ticket to Work (TTW) – Concluding in FY 2013

The Ticket to Work and Work Incentives Improvement Act of 1999 required SSA's Commissioner to provide for independent evaluations to assess the effectiveness of the TTW program. In May 2003, we awarded two contracts to Mathematica Policy Research to conduct an independent evaluation of the TTW program.

Our contractor has completed six evaluation reports. All reports are publically available on our Program Development and Research [website](#). We provided three of these reports to Congress as required under the 1999 law. The findings through the fourth report indicated that, while the program may have significant potential, we need to improve both beneficiary awareness of the program and Employment Network (EN) incentives. Partly in response to these findings, we implemented new regulations for the TTW program in July 2008 to improve EN and beneficiary participation and outcomes. The fifth report consists of nine studies focused on the employment efforts of working-age SSI recipients and SSDI beneficiaries, and on the Social Security work incentives and supports designed to encourage their employment. We found that many beneficiaries with disabilities are interested in work and are entering the workforce and not receiving cash benefits for extended periods, but that they eventually return to the disability rolls. The report suggests that we should focus employment programs toward improving long-term employment outcomes for beneficiaries.

In FY 2012, we completed our sixth evaluation report and released several papers from our seventh, and final, report. These evaluation reports examine long-term SSI work efforts, the self-financing prospects for TTW, and whether the new regulations improve the TTW program. Specifically, the evaluations report on the EN and beneficiary participation response to the new TTW rules; beneficiary awareness of the new TTW program; and service use, employment, and attitudes toward ticket participation, work, and possible exit from Social Security benefits. These reports also examine the trends in beneficiary work and benefit outcomes and EN payments under the new rules.

Findings thus far indicate that the new regulations have had only a modest effect on the overall rate of beneficiary participation in TTW, but have significantly increased participation under the milestone-outcome payment method. We also found that while the number of ENs increased only modestly, the number of ENs actively taking Tickets increased sharply. We will complete our final two papers for the evaluation by summer of 2013. The first of these papers updates our information on beneficiary *exits* from cash benefits and the implications for EN viability under the revised TTW regulations. The final paper re-analyzes the impact of the program under the initial TTW rules using longer term data and refined methods.

Modernization of Statistical Table Processes – No Funding required in FY 2014

The aim of this research and development initiative is to build a system of modernized tools to compile and tabulate our administrative data for research and statistical purposes. Once completed, this system will be used by researchers and policy analysts to provide Congress, SSA management and other stakeholders with fact-based information on SSA's programs and beneficiaries. In support of our effort to develop and maintain a series of detailed statistical databases drawn from the agency's major administrative data files (including the Master Beneficiary Record, Supplemental Security Record, Master Earnings File, and Disability Control File) and prepare a broad range of statistical tables, this project funds contracts to research, design, develop, and test modernized tools for producing tabulations and statistics. The last in this series of openly competed contracts was awarded in FY 2013.

Once the system is complete, it will be utilized by in-house staff to produce customized tabulations and statistics that play a vital role in the work of social science researchers, congressional policymakers, and the public. As a result, SSA will be better positioned to deliver high quality and customized data products with less time and effort and at a reduced cost. For example, in FY 2010 we used approximately nineteen full-time equivalents (FTEs) to produce the statistical tables published in our statistical publications and other reports. After modernization, we estimate that the production of these same materials will require about 9 FTEs in FY 2015.

At the end of FY 2012, we completed modernizing the processes that generate OASDI statistics and we began migrating our data development, management, utilization, and presentation into a modern business analytics enterprise. We assessed methods to further automate our processes, present data more effectively, and manage metadata in the new system. In FY 2013, our focus is to create processes that will generate statistics using the earnings data file. This initiative will have a 16 month performance period. At the conclusion of the final contract, we will implement the final recommendations and complete the project.

SSA does not have the staff resources or expertise required to conduct the research and development necessary to develop the modernized system. As such, all contractual costs associated with the current research and development phase of this project are charged to section 1110. Once the development phase of this project is completed, however the costs to maintain and operate the new system will be funded through our LAE budget.

TANF/SSI Disability Transition Project – No Funding Required in FY 2014

Both welfare agencies and Federal disability programs seek to support people with disabilities and help them become more independent. However, the two systems often have differing missions and organization, definitions of disability, operational and financial issues, and work rules and incentives, creating a challenge for the Temporary Assistance for Needy Families (TANF) and SSI programs to work together. TANF clients who apply for SSI may also confront conflicting messages from TANF agencies regarding work requirements and benefit eligibility.

To better understand the relationship between the TANF and SSI populations and programs, we collaborated with the Administration for Children and Families (ACF) to launch the TANF-SSI Disability Transition Project in October 2008. Working with ACF, TANF agencies in California, Florida, Michigan, Minnesota, and New York, select counties in these states, and the evaluation firm MDRC, we devised a plan to analyze program data and pilot-test program interventions for TANF clients with disabilities. The project will conclude in 2013 with a final report and our recommendations regarding a larger demonstration project on coordinating the TANF and SSI programs.

For more information, please consult the Administration for Children and Families' [website](#).

RELATED FUNDING SOURCES

The Commissioner of Social Security has the authority to conduct research and demonstration projects under section 234 of the Social Security Act. The Commissioner uses trust fund monies to conduct various demonstration projects, including alternative methods of treating work activity of individuals entitled to DI benefits. Funds for these demonstration projects, authorized under the 1999 Ticket to Work Act and funded from the trust funds, are not part of the annual research appropriation request. OMB directly apportions section 234 funds. While section 234 authorization terminated on December 18, 2005, SSA has the authority to continue to conduct projects initiated prior to the expiration date. Absent reauthorization, our Benefit Offset National Demonstration (BOND) will be the only project that requires continuing section 234 funding in FY 2014. We currently estimate the cost of BOND at \$17.8 million for FY 2014.

The FY 2014 President's Budget request includes a proposal to provide enhanced disability demonstration authority under the DI and SSI programs, including under Section 234, to test promising, research-based interventions with the potential to be scalable and cost-effective. This authority would allow for a range of new demonstration projects, including targeted early intervention efforts aimed at preserving the wellbeing and work ability of the non-beneficiaries most at risk of becoming severely impaired.

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APPROPRIATION LANGUAGE

For necessary expenses, including the hire of two passenger motor vehicles, and not to exceed \$20,000 for official reception and representation expenses, not more than [\$10,565,000,000]*\$10,622,846,000* may be expended, as authorized by section 201(g)(1) of the Social Security Act, *and including the cost of carrying out the Social Security Administration's obligations as required under section 1411 of Public Law 111-148*, from any one or all of the trust funds referred to in such section: *Provided*, That not less than [\$2,150,000]*\$2,300,000* shall be for the Social Security Advisory Board: *Provided further*, That unobligated balances of funds provided under this paragraph at the end of fiscal year [2013]*2014* not needed for fiscal year [2013]*2014* shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: *Provided further*, That the Commissioner of Social Security shall notify the Committees on Appropriations of the House of Representatives and the Senate prior to making unobligated balances available under the authority in the previous proviso: *Provided further*, That reimbursement to the trust funds under this heading for expenditures for official time for employees of the Social Security Administration pursuant to 5 U.S.C. 7131, and for facilities or support services for labor organizations pursuant to policies, regulations, or procedures referred to in section 7135(b) of such title shall be made by the Secretary of the Treasury, with interest, from amounts in the general fund not otherwise appropriated, as soon as possible after such expenditures are made.

In addition, for the cost associated with continuing disability reviews under titles II and XVI of the Social Security Act and for the cost associated with conducting redeterminations of

Administrative Expenses

eligibility under title XVI of the Social Security Act, [\$1,024,000,000]\$273,000,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, from any one or all of the trust funds referred to therein: *Provided*, [That of such amount, \$273,000,000 is provided to meet the terms of section 251(b)(2)(B)(ii)(III) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, and \$751,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(B) of such Act: *Provided Further*,]That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these funds, similar to the reports that were required by section 103(d)(2) of Public Law 104-121 for fiscal years 1996 through 2002.

In addition, [\$170,000,000]\$173,000,000 to be derived from administration fees in excess of \$5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93-66, which shall remain available until expended. To the extent that the amounts collected pursuant to such sections in fiscal year [2013]2014 exceed [\$170,000,000]\$173,000,000, the amounts shall be available in fiscal year [2014]2015 only to the extent provided in advance in appropriations Acts.

In addition, up to \$1,000,000 to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act, which shall remain available until expended. *Note.—A full year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Resolution, 2013 (P.L.112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.*

LANGUAGE ANALYSIS

The Limitation on Administrative Expenses (LAE) appropriation language provides the Social Security Administration (SSA) with the funds needed to administer the Old Age and Survivors Insurance (OASI), Disability Insurance (DI), and Supplemental Security Income (SSI) programs, and to support the Centers for Medicare and Medicaid Services in administering their programs. The LAE account is funded by the OASI, DI, and Medicare trust funds for their share of administrative expenses, by the General Fund of the Treasury for the SSI program's share of administrative expenses, and through applicable user fees. The language provides the limitation on the amounts that may be expended, in total from these separate sources, for the administrative expenses of the agency.

In addition to the base request, SSA is requesting a total of \$273,000,000 in additional funding specifically for continuing disability reviews (CDR) and SSI non-medical redeterminations of eligibility (redeterminations) in LAE. We are also requesting a legislative proposal that would create a new Program Integrity Administrative Expenses (PIAE) account and provide a more reliable stream of mandatory program integrity funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000.

In addition to the appropriated amounts, SSA is requesting to spend up to \$173,000,000 in SSI State Supplement user fees and up to \$1,000,000 in non-attorney representative fees.

Table 3.1—Appropriation Language Analysis

<i>Language Provision</i>	<i>Explanation</i>
<p><i>“Provided further, That unobligated balances of funds provided under this paragraph at the end of fiscal year [2013]2014 not needed for fiscal year [2013]2014 shall remain available until expended to invest in the Social Security Administration information technology and telecommunications hardware and software infrastructure, including related equipment and non-payroll administrative expenses associated solely with this information technology and telecommunications infrastructure: Provided further, That the Commissioner of Social Security shall notify the Committees on Appropriations of the House of Representatives and the Senate prior to making unobligated balances available under the authority in the previous proviso...”</i></p>	<p>The language allows SSA to carryover unobligated balances for non-payroll automation and telecommunications investment costs in future fiscal years.</p>

Administrative Expenses

“In addition, for the cost associated with continuing disability reviews under titles II and XVI of the Social Security Act and for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, [\$1,024,000,000] \$273,000,000 may be expended, as authorized by section 201(g)(1) of the Social Security Act, from any one or all of the trust funds referred to therein: *Provided*, [That of such amount, \$273,000,000 is provided to meet the terms of section 251(b)(2)(B)(ii)(III) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended and \$751,000,000 is additional new budget authority specified for purposes of section 251(b)(2)(B) of Such Act: *Provided Further*,]That the Commissioner shall provide to the Congress (at the conclusion of the fiscal year) a report on the obligation and expenditure of these funds, similar to the reports that were required by section 103(d)(2) of Public Law 104-121 for fiscal years 1996 through 2002.”

“ In addition, [\$170,000,000]\$173,000,000 to be derived from administration fees in excess of \$5.00 per supplementary payment collected pursuant to section 1616(d) of the Social Security Act or section 212(b)(3) of Public Law 93-66, which shall remain available until expended. To the extent that the amounts collected pursuant to such sections in fiscal year [2013]2014 exceed [\$170,000,000] \$173,000,000, the amounts shall be available in fiscal year [2014]2015 only to the extent provided in advance in appropriations Acts.”

“In addition, up to \$1,000,000 to be derived from fees collected pursuant to section 303(c) of the Social Security Protection Act, which shall remain available until expended.”

The language appropriates an additional \$273,000,000 for SSA’s CDRs and redeterminations.

The language makes available up to \$173,000,000 collected from states for administration of their supplementary payments to the SSI program. This assumes the fee will increase from \$11.12 per check in FY 2013 to \$11.33 in FY 2014 according to increases established by statute. SSA receives the amount collected above \$5.00 from each fee.

The language provides for the use of up to \$1,000,000 derived from fees charged to non-attorneys who apply for certification to represent claimants.

PROGRAM INTEGRITY ADMINISTRATIVE EXPENSES

The Budget proposes to replace the discretionary cap adjustments authorized in the Balanced Budget and Deficit Control Act, as amended by the Budget Control Act, with a dependable stream of mandatory funding for Social Security continuing disability reviews and redeterminations. Beginning in FY 2014, the budget proposes to remove discretionary funding above the base amount of \$273 million from the Limitation on Administrative Expenses (LAE) Account and instead, provide a mandatory appropriation for program integrity activities in a newly established Program Integrity Administrative Expenses (PIAE) account. These mandatory funds will be in addition to amounts provided to the Social Security Administration (SSA) in the LAE account and will be available for two years. In 2015 and beyond, the proposal would replace both base and cap funding for program integrity and the cap on discretionary appropriations would be lowered by a commensurate amount.

SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

The table below includes the significant items in the FY 2013 Senate Report, S. Rept. 112-176.

Table 3.2— Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Bill, 2013: Senate Report (S. Report 112-176)—Significant Items

Work Incentives Planning and Assistance and Protection and Advocacy for Beneficiaries of Social Security	Actions Taken or To Be Taken
The WIPA and PABSS programs provide valuable services to disabled beneficiaries, particularly in helping them return to work. However, because of a delay in the reauthorization process, WIPA grantees have been told they will have to shut down at the end of June 2012 and PABSS grantees at the end of September 2012. The Committee strongly encourages SSA to use fiscal year 2012 funds, and the broad authority provided in annual appropriations language, to continue these programs. Specifically, the Committee encourages SSA to extend current WIPA and PABSS grants as soon as possible for a short period of time, up to 1 year, to prevent any disruption in services.	The Consolidated and Further Continuing Appropriations Act, 2013 (P.L. 113-6) includes \$23 million for the WIPA program and \$7 million for the PABSS program. We plan to issue WIPA award notices by August 1 and PABSS award notices by September 1, 2013.

Social Security Annual Statements	Actions Taken or To Be Taken
<p>The Committee believes that Social Security Annual Statements, required by statute to be provided to everyone older than age 25, provide valuable information to workers on their benefits under the OASI and DI programs. In addition, they allow workers to check their earnings history and notify SSA of any errors in a timely fashion. Earnings discrepancies identified years later can often be complicated and time-consuming to resolve. Therefore, the Committee directs SSA to resume the mailing of annual Social Security Account Statements in accordance with section 1143(c)(2) of the Social Security Act.</p>	<p>Full funding of the FY 2014 President's Budget will allow us to resume mailing Social Security Statements to all eligible workers 25 years old or older.</p>
Field Office Closings	Actions Taken or To Be Taken
<p><i>Field Office Closings.</i>—The Committee directs SSA to submit a report to the Committee on Appropriations of the Senate within 90 days of enactment of this act on its policies and procedures for closing and consolidating field offices. The report should include a detailed description of the process SSA uses and the factors it considers when deciding which offices to close, and its process for notifying the public of such closures. It should also include an analysis of the offices closed in fiscal year 2012 based on those factors. Finally, the Committee directs SSA to provide a readily available public notice of proposed field office closures. Such notice should be provided not less than 90 days prior to closing any field office.</p>	<p>When a field office is closed the Regional Communications Director notifies the affected Congressional representative's local offices and the Office of Legislative and Congressional Affairs notifies their D.C. offices 90 days in advance of a consolidation.</p>

Administrative Law Judge Disclosure Policy	Actions Taken or To Be Taken
<p>Administrative Law Judge (ALJ) Disclosure Policy.— The Committee is concerned about SSA’s new policy to not disclose the name of the ALJ who will preside over a disability appeal until the day of the hearing. The Committee notes SSA’s concern with the possibility of claimant representatives abusing the process, specifically as it relates to declining a video hearing or postponing other hearings simply to search for judges they believe are more likely to allow a case. This abuse challenges the integrity of the process and can cause administrative delays. However, such a broad policy change could have unintended consequences. The Committee strongly encourages SSA to consider policies more targeted at suspected abuse, such as sanctions against individual representatives or changes to regulations to prevent representatives from canceling a video hearing close to the hearing date without due cause. The Committee directs SSA to submit a report to the Committee on Appropriations of the Senate no later than November 1, 2012, detailing the type and scope of abuse under the previous policy and alternative policies that were considered or could otherwise be used to address the issue.</p>	<p>Beginning on April 20, the agency will resume disclosing the name of the ALJ assigned to a hearing when it sends out a Notice of Hearing. (Note: Under our rules, the agency sends out this Notice at least twenty days before the hearing.)</p> <p>In addition, beginning on April 20, we will add the ALJ’s name to the Appointed Representative Services (ARS) internet application. ARS users represent claimants in about 85 percent of all represented cases currently pending in ODAR. (Note: In the ARS application, the ALJ’s name will be added to Representative Case Status Report screen and the Case Status Display screen.)</p>

GENERAL STATEMENT

ADMINISTRATIVE EXPENSES OVERVIEW

The LAE account funds the operating expenses of the Social Security Administration and its programs: the OASI and DI programs, the SSI program, certain health insurance and Medicare prescription drug functions, and the Special Benefits for Certain World War II Veterans program. With these funds, SSA will provide service to millions of Americans in our field offices, via telephone, or through the Internet at [our website](#). The LAE account provides the funds SSA needs to perform its core responsibilities, including completing claims and applications for benefits, conducting hearings to review disputed decisions, ensuring benefits continue to be distributed properly, and maintaining the integrity of the trust funds. Included in the FY 2014 President's Budget is a legislative proposal that would create a new Program Integrity Administrative Expenses account that would replace discretionary cap adjustment funding for program integrity with a more reliable stream of mandatory funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000.

SSA currently employs approximately 62,000 dedicated public service employees through a national network of 1,500 offices. Combined with almost 14,000 state employees in the Disability Determination Services (DDS), they demonstrate their commitment to the American public daily by providing the best service possible. SSA's employees take pride in administering agency programs, realizing that the work they do can affect the lives of all Americans.

FY 2014 PRESIDENT'S BUDGET

SSA's Programs

For FY 2014, SSA is requesting LAE budget resources of \$11.070 billion, along with \$1.227 billion for a new mandatory legislative proposal, PIAE that would allow us to significantly ramp up our program integrity work. We will continue to handle high volumes of work and focus on providing quality services, while significantly increasing program integrity efforts. Our budget also ensures that we have funding to make some investments in technology to be as efficient as possible, saving time for us and the public.

As the baby boomers continue to retire at high rates, it is essential that we have the resources to complete these applications, as well as to handle the ongoing work after the beneficiaries begin to receive benefits. We expect to complete over 5.4 million applications for retirement benefits in FY 2014. We will administer \$709 billion in OASI benefit payments to almost 47.8 million beneficiaries.

The DI program has also experienced substantial growth in the number of applications in recent years. Enactment of the President's 2014 Budget is a key component of a multi-year plan to

resolve backlogs in program integrity reviews and initial disability claims. This budget will fund the staff at the 54 State Disability Determination Services (DDS) who will complete nearly 2.9 million initial disability claims in FY 2014. However, given the high volume of cases and the need to increase our program integrity efforts, we expect that the backlog of initial disability claims will rise along with processing times in the near term. Despite these challenges, we will continue to make critical changes to the disability process to improve timeliness, quality, and efficiency. This budget, combined with our improvements to the hearings process, will enable us to complete 807,000 hearings, and the average processing time would be 387 days by the end of FY 2014. See Table 3.27 in the back of this section for more details on the disability appeal workload. In FY 2014, SSA will pay over \$145 billion in disability insurance benefits to almost 11.1 million beneficiaries.

The SSI program is a nationwide Federal assistance program administered by SSA that guarantees a minimum level of income for aged, blind, or disabled individuals. It acts as a safety net for individuals who have little or no Social Security or other income and limited resources. We estimate we will pay \$55.6 billion in Federal benefits to almost 8.2 million SSI recipients in FY 2014. Including State supplementary payments, SSA expects to pay a total of almost \$59 billion and administer payments to almost 8.5 million recipients.

SSA assists the Centers for Medicare and Medicaid Services (CMS) in administering the Medicare Hospital Insurance (HI), Supplementary Medical Insurance (SMI), and work related to the Prescription Drug programs. The Affordable Care Act (ACA) (P.L. 111-148) also created additional responsibilities for SSA, such as administering the reduction in Part D Subsidy for high-income beneficiaries through an income related monthly adjustment amount and developing verification systems in support of Health Exchange Participation.

In FY 2009, Congress appropriated funding through the Medicare Improvements Patients and Providers Act (MIPPA) to SSA for activities related to the implementation of changes to the Low-Income Subsidy (LIS) Prescription Drug program. This funding is available until expended, and we estimate we will spend \$6 million for LIS work in FY 2014.

SSA also collaborates with the Department of Homeland Security in administering the E-Verify program through verifying the employment eligibility of newly-hired employees by electronically checking employee names, Social Security numbers, dates of birth, U.S. citizenship status, and resolving discrepancies with the employee when we are unable to electronically verify that information.

Program Integrity

We have two types of program integrity reviews for which we receive special funding: CDRs, which are periodic reevaluations to determine if beneficiaries are still disabled or have returned to work and no longer qualify for benefits because of their work experience, and SSI redeterminations, which are periodic reviews of non-medical factors of eligibility, such as income and resources.

We estimate that every dollar spent on CDRs yields about \$9 in lifetime program savings, including Medicare and Medicaid program effects, and that every dollar spent on SSI

Administrative Expenses

redeterminations yields about \$5 in program savings over 10 years, including Medicaid program effects. The estimated lifetime savings per dollar spent on redeterminations was revised downward in the FY 2014 President's Budget due to an interaction with a provision in the ACA that mandates coverage beginning January 2014 for individuals under age 65 with income less than 138 percent of poverty. As a result of this provision, many SSI beneficiaries who would otherwise lose Medicaid coverage due to a CDR or redetermination would continue to be covered. In addition, for SSI disabled adults, the federal matching rate for Medicaid coverage is higher under the new ACA provision, resulting in higher federal Medicaid costs for those who lose coverage under SSI, but remain covered under the new provision.

In FY 2014, SSA is requesting a new legislative proposal that would provide a dependable stream of mandatory funding to significantly ramp up our program integrity work. It is critical that we receive both pieces of funding; we cannot operate at the LAE funding level alone without devastating effects on our stewardship responsibilities. In FY 2014, a legislative proposal provides \$1.227 billion in mandatory program integrity funding above \$273 million, included in the LAE base. With a \$1.5 billion total appropriation for program integrity, the associated target volume of work is 2,622,000 SSI redeterminations and 1,047,000 full medical CDRs

Program integrity reviews save taxpayers billions of dollars, but without adequate funding these savings will not be realized. The legislative proposal included in the President's Budget proposes to provide an additional \$266 million mandatory program integrity funding in FY 2013. This additional funding would allow us to handle significantly more CDRs than we currently expect to complete.

Our Access to Financial Institutions (AFI) initiative verifies alleged bank account balances of SSI applicants and recipients with financial institutions. In FY 2012, we streamlined the AFI electronic process into our existing SSI initial claims and redetermination processing system, simplifying how we administer account verification requests and responses from financial institutions. We anticipate performing more rigorous checks of alleged assets, if resources allow.

Information Technology (IT) Infrastructure

IT plays a critical role in our day-to-day operations. Our IT investments have helped us achieve average annual employee productivity increases of over 4 percent each of the last five years. Most of our IT funding is necessary for ongoing operational costs such as our 800-number service and our online services, both of which help us keep pace with the recent increases in claims. In FY 2012, our IT infrastructure supported the payment of more than \$809 billion in benefits to over 61 million people and the maintenance of hundreds of millions of social security numbers and related earnings records for nearly every American.

FUNDING REQUEST

The President's FY 2014 request will allow SSA to continue to achieve our most important goals- focusing on increasing our cost-effective program integrity work while maintaining quality service. The table below provides dollars and workyears funded by this budget:

Table 3.3—Budgetary Request

	FY 2012 Actual	Fiscal Year FY 2013 <u>Estimate</u>	Fiscal Year FY 2014 <u>Estimate</u>
Budget Authority (in millions)			
Limitation on Administrative Expenses (LAE)	\$11,453	\$11,520	\$11,070
Program Integrity Administrative Expenses (PIAE)¹	N/A	\$266	\$1,227
Research and Demonstrations	\$8	\$8	\$54
Office of the Inspector General (OIG)	\$102	\$103	\$106
Total Budget Authority²	\$11,563	\$11,897	\$12,457
OTHER FUNDING (in millions) ³			
MIPPA – Low-Income Subsidy (LIS)	\$1	\$6	\$6
Total Budgetary Resources	\$11,564	\$11,903	\$12,463
Workyears			
Full-Time Equivalents	64,062	62,475	56,901
Overtime	2,287	2,020	1,570
Lump Sum	286	303	298
Program Integrity Proposed Mandatory Funding ¹	N/A	1,242	6,578
Total SSA	66,635	66,040	65,347
Disability Determination Services (DDS)	14,913	14,480	12,875
DDS Program Integrity Proposed Mandatory Funding ¹	N/A	872	3,295
Total DDS	14,913	15,352	16,170
Total SSA/DDS	81,548	81,392	81,517
OIG	573	576	581
Total SSA/DDS/OIG	82,121	81,968	82,098

¹ Requested as part of a legislative proposal included in the FY 2014 President's Budget that would create a new Program Integrity Administrative Expenses (PIAE) account and provide a more reliable stream of mandatory program integrity funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000. The FY 2013 column reflects a total program integrity assumption of approximately \$1,024,000,000, which includes nearly \$758,000,000 as part of the LAE, and an additional \$266,000,000 as part of the PIAE account.

² Totals may not add due to rounding.

³ Represents anticipated obligations.

PERFORMANCE TARGETS

The President's FY 2014 request will allow SSA to continue to achieve the following key performance targets:

Table 3.4—Key Performance Targets

	FY 2012 Actuals	FY 2013 Estimate	FY 2014 Estimate
Selected Workload Measures			
Retirement and Survivors Claims Completed (thousands)	5,001	5,269	5,402
Initial Disability Claims Completed (thousands)	3,207	2,970	2,851
Reconsiderations Completed (thousands)	809	803	725
SSA Hearings Completed (thousands)	820	836	807
800-Number Transactions Handled (millions)	57	52	51
Average Speed of Answer (ASA) (seconds) ¹	294	455	482
Agent Busy Rate (ABR) (percent) ¹	5	10	10
Social Security Numbers Issued (millions)	17	16	16
Annual Earnings Items Completed (millions)	245	250	253
Social Security Statements Issued (millions)	24	9	155
Selected Outcome Measures			
Initial Disability Claims Receipts (thousands)	3,155	3,059	2,965
SSA Hearings Receipts (thousands)	852	835	822
Initial Disability Claims Pending (thousands)	708	796	910
Reconsiderations Pending (thousands)	198	179	208
SSA Hearings Pending (thousands)	817	816	831
Average Processing Time for Initial Disability Claims (days) ²	102	107	120
Average Processing Time for Initial Reconsiderations (days)	N/A	N/A	TBD
September Average Processing Time for Hearings Decisions (days)	362	380	387
Disability Determination Services Production per Workyear	324	318	320
SSA Hearings Production per Workyear	111	112	114
Other Work/Service in Support of the Public - Annual Growth of Backlog (workyears)	N/A	(2,100)	(2,800)
Selected Program Integrity Performance Measures³			
Periodic Continuing Disability Reviews (CDRs) Completed (thousands)	1,404	1,550	1,947
Periodic Medical CDRs (included in Periodic CDRs, thousands)	443	650	1,047
SSI Non-Disability Redeterminations Completed (thousands)	2,624	2,622	2,622

SSA's budget is fully integrated with its Annual Performance Plan (APP), which is included as the final tab in this *Justification of Estimates for Appropriations Committees*. The budget

¹ Although we have not yet solidified the date for full implementation of Citizen Access Routing Enterprise 2020 (CARE 2020), we anticipate that our new state-of-the-art system will decrease the ABR to 1% and increase the ASA to 555 seconds in FY 2014. We have computed the ABR and ASA using our current methodology to allow for comparability.

² The Average Processing Time for Initial Reconsiderations performance measure is still under development.

³ Reflects the levels of medical continuing disability reviews and redeterminations of SSI eligibility we project with full, timely, and sustained funding as outlined in the legislative proposal for mandatory PIAE. In FY 2013, this is 228,000 CDRs above the level we could complete with enacted funding.

estimates are linked to key performance above and support all of the more detailed measures outlined in the APP.

RECENT ACCOMPLISHMENTS

In FY 2012, SSA's resources were primarily used to complete our service and stewardship workloads, including:

- Set a new record for retirement and survivors claims by handling over 5 million;
- Processed high volumes of initial disability claims – over 3.2 million;
- Handled over 820,000 hearings, a new record;
- Completed over 443,000 periodic medical CDRs, a significant increase from the year before;
- Completed over 2.6 million SSI non-disability redeterminations;
- Handled nearly 57 million 800-number transactions;
- Issued 17 million SSNs;
- Completed 245 million annual earnings reports; and
- Continued to increase online claims, with 44 percent of claims filed online.

In FY 2012, SSA increased online retirement and disability benefit applications to the highest usage ever. These online services reduced the time employees spent handling applications, which was vital to dealing with the significant increase in claims. We achieved this success while maintaining high customer satisfaction. We have the three best electronic services in the Federal Government and private sector, as measured by the University of Michigan public satisfaction survey.

Despite a large volume of disability claims, we were able to reduce initial disability claims processing time by a week and significantly cut the level of pending cases. We fast-tracked nearly 6 percent of initial applications with our compassionate allowance and quick disability determination processes. Severely disabled applicants who often waited years for a decision now get one in 10-14 days.

PRIORITY GOALS

We serve the American people in a wide variety of ways, enriching their lives. In support of the Administration's performance improvement efforts, we have embraced the power of goal setting as a way to improve our performance and accountability to the American people. As required by the GPRA Modernization Act of 2010, we established the following ambitious and outcome-focused Priority Goals that link directly to our overarching strategic goals and objectives.

- **Faster hearing decisions.**
By the end of FY 2013, we will reduce the average time for a hearing decision from 345 days at the end of FY 2011 to 270 days.
- **Reduce Supplemental Security Income overpayments.**

Administrative Expenses

By the end of FY 2013*, we will increase our SSI overpayment accuracy rate from 93.3 percent at the end of FY 2010 to 95 percent.

* FY 2013 data will not be available until April 2014.

- **Increase use of our online services.**

By the end of FY 2013, we will increase our online filing rates from 36 percent at the end of FY 2011 to 48 percent.

We have specific measures and milestones to monitor our progress. Additionally, through our quarterly internal review process, our executives have candid discussions regarding challenges we must overcome and strategies that will support goal achievement.

NATIONAL SUPPORT CENTER

In FY 2009, Congress provided \$500 million for the construction and partial equipping of a new National Support Center (NSC) as part of the American Recovery and Reinvestment Act (Recovery Act). We currently run our nationwide computer operations from the National Computer Center (NCC). Our systems maintain demographic, wage, and benefit information on almost every American. The data housed at the NCC are critical national economic and information resources and essential to providing service to the millions of individuals who count on us each day. While once a state-of-the-art data center designed for mainframe use, the NCC is over 30 years old and the facility infrastructure systems have exceeded their useful life. With these Recovery Act funds, we are taking timely action to ensure a new facility will be built and operational as the NCC nears the end of its functional life.

Current Status

On December 28, 2012, we received a presidential waiver allowing us to retain and continue to obligate funds appropriated for expenses of the replacement of our NCC. As of February 22, 2013, we have obligated \$373.4 million, and expect to spend the remaining ARRA funds by the end of FY 2015. The General Services Administration provided the following changes to the schedule of key milestones.

Planned	Actual	Milestone
Aug 2010	Aug 2010	Program of Requirements
Feb 2011	Feb 2011	Recommend Site
Sep 2011	Aug 2011	Acquire Site
Mar 2012	Jan 2012	Award Design-Build Construction
Jul 2014	TBD	Complete Construction
Oct 2014	TBD	Final Commissioning/Contingency
Mar 2015	TBD	Begin Transition of IT Services
Aug 2016	TBD	Complete Transition of IT Services

The following table provides actual and planned obligations for the NSC as of February 2013.

Table 3.5—Actual and Planned Obligations for the New NSC

(Dollars in thousands)							
FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	
<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Planned</u>	<u>Planned</u>	<u>Planned</u>	<u>Total</u>
\$1,330.4	\$1,850.8	\$387,699.5	(\$30,856.2) ¹	\$58,000.0	\$77,600.0	\$4,375.5	\$500,000.0

FY 2013 to FY 2015 NSC Plans

We will move the information technology (IT) services from the NCC to the NSC, beginning March 2015 and completing in August 2016. Preparatory efforts are under way now to virtualize and consolidate significant portions of our IT equipment, perform application and asset inventory planning and to formulate a concise migration plan so that we can meet this goal.

¹ In FY 2012, the actual bid for NSC construction came \$58.4 million under budget. Also in FY 2012, there were \$27.5 million in IT obligations, resulting in a net recovery of \$30.9 million.

SSA-RELATED LEGISLATION ENACTED FEBRUARY 2012 – MARCH 2013

FY 2013

Disaster Relief Appropriations Act, 2013 (P.L. 113-2, enacted on January 29, 2013)

- This act provides SSA's limitation on administrative expenses account an additional appropriation of \$2 million for expenses directly related to Hurricane Sandy.
- The act requires each agency to submit to the Office of Management and Budget (OMB), the General Accountability Office, the respective Inspector General, and the House and Senate Appropriations Committees, its internal control plans for funds by March 31, 2013.

Improper Payments Elimination and Recovery Improvement Act of 2012 (P.L. 112-248, enacted on January 10, 2013)

- The law requires agencies with programs that have a high risk for improper payments to report to the Inspectors General annually and make such reports available to the public.
- This act establishes the Do Not Pay Initiative requiring the use of certain databases (including SSA's death master file) designated by OMB to reduce the risk of improper payments. Congress must receive an annual report evaluating the success of the Do Not Pay Initiatives in reducing improper payments.

American Taxpayer Relief Act of 2012 (P.L.112-240, enacted January 2, 2013)

- This act makes permanent the exclusion of most Federal refundable and advance tax credits from consideration as income and (for a limited time after receipt) as resources when determining eligibility for or the amount of benefits under the Supplemental Security Income (SSI) program.

FY 2012

An Act To extend by 3 years the authorization of the EB-5 Regional Center Program, the E-Verify Program, the Special Immigrant Nonminister Religious Worker Program, and the Conrad State 30 J-1 Visa Waiver Program (P.L. 112-176, enacted on September 28, 2012)

- This law temporarily reauthorizes the E-Verify program along with other visa programs for a period of three years, until September 30, 2015.

Middle Class Tax Relief and Job Creation Act of 2012 (P.L. 112-96, enacted on February 22, 2012)

- This act extends the 2-percent point reduction in the Social Security payroll tax rate through December 31, 2012.

BUDGETARY RESOURCES

The Administrative Expense accounts, LAE and PIAE, represent SSA's administrative budget for carrying out its responsibilities under the Social Security Act. This includes administering the OASI, DI, SSI and Special Benefits for Certain WWII Veterans programs and supporting the Centers for Medicare and Medicaid Services in administering the HI, SMI, and Medicare Part D programs. The President's Budget for the administrative accounts in FY 2014 is \$12.297 billion.

AMOUNTS AVAILABLE FOR OBLIGATION

Table 3.6—Amounts Available for Obligation¹ (dollars in thousands)

	FY 2012 Actual ²	FY 2013 Estimate ³	FY 2014 Estimate ³
Administrative Expenses			
LAE Appropriation	\$11,453,290	\$ 11,520,431	\$ 11,069,846
Unobligated Balance, start-of-year	\$ 44,632	\$ 147,858	\$ 0
Recoveries and Transfers	\$ 218,796	\$ 45,600	\$ 0
Unrealized Non-Attorney User Fees	\$ -982	\$ 0	\$ 0
Subtotal LAE Resources	\$ 11,715,737	\$ 11,713,889	\$11,069,846
Unobligated Balance, lapsing	-\$ 56,664	\$ 0	\$ 0
Unobligated Balance, end-of-year (LAE)	-\$ 147,858	\$ 0	\$ 0
Obligations, LAE	\$ 11,511,215	\$ 11,713,889	\$ 11,069,846
Program Integrity Administrative Expenses (PIAE)	\$ 0	\$266,000	\$1,227,000
Obligations, PIAE Resources	\$ 0	\$266,000	\$1,227,000
Total Administrative Expenses Obligations	\$ 11,511,215	\$11,979,889	\$12,296,846
Recovery Act Resources⁴			
Unobligated Balances, start-of-year: NSC	\$ 167,500	\$ 139,976	\$ 81,976
Unobligated Balances, end-of-year: NSC	-\$ 139,976	-\$ 81,976	-\$ 4,376
Obligations, Recovery Act	\$ 27,525	\$ 58,000	\$ 77,600
MIPPA – LIS			
Unobligated Balances, start-of-year	\$ 12,850	\$ 12,202	\$ 6,101
Unobligated Balances, end-of-year	-\$ 12,202	-\$ 6,101	\$ 0
Obligations, MIPPA - LIS	\$ 647	\$ 6,101	\$ 6,101
State Children's Health Insurance Program			
Unobligated Balances, start-of-year	\$ 3,272	\$ 2,123	\$ 1,062
Unobligated Balances, end-of-year	-\$ 2,123	-\$ 1,062	\$ 0
Obligations, SCHIP	\$ 1,149	\$ 1,062	\$ 1,062

¹ Totals may not add due to rounding.

Administrative Expenses

² In order to carry out responsibilities associated with the Affordable Care Act, the Department of Health and Human Services (HHS) provided SSA with \$1,400,000 in FY 2012.

³ Reflects a legislative proposal included in the FY 2014 President's Budget that would create a new Program Integrity Administrative Expenses (PIAE) account and provide a **more reliable stream of** mandatory program integrity funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000. The FY 2013 column reflects a total program integrity assumption of \$1,024,000,000, which includes \$758,000,000 as part of the LAE, and \$266,000,000 as part of the PIAE account.

⁴ The American Recovery and Reinvestment Act of 2009 provided SSA with funding to administer the \$250 economic recovery payments to Social Security and Supplemental Security Income beneficiaries, to help address the increasing disability and retirement workloads, and to replace SSA's National Computer Center. The authority to incur new obligations for both administering economic recovery payments and for workload processing expired at the end of 2011.

BUDGET AUTHORITY AND OUTLAYS

The LAE and PIAE accounts are funded by the Social Security Trust Funds, the General Fund, the Medicare Trust Funds, and applicable user fees. Section 201(g) of the Social Security Act provides that SSA determines the share of administrative expenses that should have been borne by the appropriate trust funds for the administration of their respective programs and the General Fund for administration of the SSI program. SSA calculates the administrative costs attributable to each program using its Government Accountability Office approved cost analysis system. In FY 2009, SSA received additional funds from the General Fund of the Treasury, provided by the Recovery Act and the MIPPA.

Table 3.7—Budget Authority and Outlays
(dollars in thousands)^{1,2}

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
OASI and DI Trust Funds ³	\$ 5,588,104	\$ 5,780,843	\$ 5,758,708
HI and SMI Trust Funds	\$ 2,089,794	\$ 2,102,584	\$ 1,960,838
SSA Advisory Board	\$ 2,146	\$ 2,159	\$ 2,300
SSI Administrative Expenses	\$ 3,611,552	\$ 3,738,162	\$ 4,401,000
SSI State Supplement User Fees	\$ 160,696	\$ 161,679	\$ 173,000
Non-Attorney Representative User Fees	\$ 998	\$ 1,004	\$ 1,000
MIPPA - LIS	N/A	N/A	N/A
Recovery Act	N/A	N/A	N/A
Total Budget Authority	\$ 11,453,290	\$ 11,786,431	\$ 12,296,846
OASI and DI Trust Funds ³	\$ 5,416,508	\$ 5,743,066	\$ 5,671,616
HI and SMI Trust Funds	\$ 1,812,416	\$ 2,086,599	\$ 1,926,027
SSI Administrative Expenses	\$ 4,068,594	\$ 3,712,403	\$ 4,337,657
SSI State Supplement User Fees	\$ 160,121	\$ 161,679	\$ 173,000
Non-Attorney Representative User Fees	\$ 356	\$ 500	\$ 500
MIPPA - LIS	\$ 647	\$ 6,000	\$ 6,000
Recovery Act - Workload Processing	\$ 6,945	\$ 0	\$ 0
Recovery Act - Economic Recovery	\$ 0	\$ 0	\$ 0
Recovery Act - New NSC	\$ 21,089	\$ 174,925	\$ 158,700
Total Administrative Outlays	\$ 11,486,676	\$ 11,885,172	\$ 12,273,500

¹ Totals may not add due to rounding.

² Requested as part of a legislative proposal included in the FY 2014 President's Budget that would create a new Program Integrity Administrative Expenses (PIAE) account and provide a more reliable stream of mandatory program integrity funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000. The FY 2013 column reflects a total program integrity assumption of approximately \$1,024,000,000, which includes nearly \$758,000,000 as part of the LAE, and an additional \$266,000,000 as part of the PIAE account.

³ OASDI includes funding for administration of the Special Benefits for Certain World War II Veterans.

KEY ASSUMPTIONS AND COST DRIVERS

We continue to do everything we can to reduce our operating costs. Nevertheless, as our beneficiary population rises each year, our costs continue to rise as well. While some of our programs have discrete cost-drivers associated with them, the majority of cost-drivers affect all programs. For example, State furloughs of DDS employees influence the SSI and DI programs, while our aging data center affects all of our programs.

In light of these difficulties, we formulated this budget to address the following challenges:

- High demand for services due to the aging population and the continued fallout from the economic downturn on our disability and hearings workloads, see [the Social Security Office of the Chief Actuary Website](#);
- Hearings backlog;
- [Complex disability process](#), see [the Social Security Disability Program documents website](#);
- Growth in non-traditional workloads (e.g., immigration, Medicare, and verifications for other programs);
- Reducing improper payments and completing cost-effective program integrity work, see [the Social Security Improper Payments website](#);
- Finding additional efficiencies and streamlining business processes;
- Modernizing computer systems, see [SSA's Recovery Act Plan](#)
- Cyber threats;
- Rising infrastructure costs; and
- State furloughs of DDS employees, see [our Furlough Press Releases](#) and [Furlough Information page](#)

Please see the performance table for projected work completed for our major workloads, as well as our productivity numbers.

ANALYSIS OF CHANGES

The FY 2014 request represents a \$336.6 million increase over the FY 2013 level. The following tables provide a summary of the changes from the FY 2013 level to the FY 2014 President's Budget.

Table 3.8—Summary of Changes from FY 2013 to FY 2014^{1,2}
(dollars in thousands)

	FY 2013 Estimate	FY 2014 Estimate	FY13 to FY14 Change
Total Administrative Expenses³	\$ 11,979,889	\$ 12,296,846	+ \$ 316,957
Appropriation	\$ 11,786,431	\$ 12,296,846	+ \$ 510,415
Amounts Available From Prior Year Unobligated Balances	\$ 193,458	\$ 0	- \$ 193,458
Obligations, Administrative Expenses	<u>\$ 11,979,889</u>	<u>\$ 12,296,846</u>	+ <u>\$ 316,957</u>
Unobligated Balance, end-of-year	\$ 0	\$ 0	\$ 0
Recovery Act Obligations	<u>\$ 58,000</u>	<u>\$ 77,600</u>	+ <u>\$ 19,600</u>
National Support Center	\$ 58,000	\$ 77,600	+ \$ 19,600
MIPPA - LIS Obligations	<u>\$ 6,101</u>	<u>\$ 6,101</u>	<u>\$ 0</u>
SCHIP Obligations	<u>\$ 1,062</u>	<u>\$ 1,062</u>	<u>\$ 0</u>
Obligations, Total	<u>\$ 12,045,052</u>	<u>\$ 12,381,609</u>	+ <u>\$ 336,557</u>

¹ Totals may not add due to rounding.

² Reflects a legislative proposal included in the FY 2014 President's Budget that would create a new Program Integrity Administrative Expenses (PIAE) account and provide a more reliable stream of mandatory program integrity funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000. The FY 2013 column reflects a total program integrity assumption of \$1,024,000,000, which includes \$758,000,000 as part of the LAE, and \$266,000,000 as part of the PIAE account.

³ Includes funds associated with the Program Integrity Administrative Expenses (PIAE) mandatory funding proposal.

Table 3.9—Explanation of Total Administrative Expenses Budget Changes from FY 2013 to FY 2014
(dollars in thousands)

	FY 2013		Change from FY 2013	
	Federal WYs	Obligations	Federal WYs	Obligations
<u>BUILT-IN INCREASES</u>				
<u>Payroll Expenses</u>	66,040	\$ 6,540,000		\$ 266,768
Increases due to periodic step increases, health benefits, career ladder promotions, and new employees hired under the Federal Employees Retirement System				213,766
Nine-month effect of assumed Federal pay increase effective January 2014				53,003
<u>Non-Payroll Costs</u>				
Mandatory growth in non-payroll costs, including higher costs of rent, security, and guard services		\$ 2,089,322		\$ 32,405
<u>State Disability Determination Services</u>				
Mandatory growth in State DDS costs, including pay raises and the cost of medical evidence		\$ 2,295,000		\$ 72,085
Subtotal, Built-In Increases				+\$ 371,259
<u>PROGRAM INCREASES</u>				
<u>Funding for IT</u>				
Increase in funding for IT, including desktop, voice and data communications, infrastructure, costs for major projects, and ongoing operational costs of AFL.		\$ 858,000		\$ 30,254
<u>State Disability Determination Services</u>				\$117,915
<u>Social Security Statements</u>		\$4,109		\$67,024
<u>Recovery Act – New NSC Resources</u>				
Non-personnel Costs		\$58,000		\$19,600
Subtotal, Program Increases				+\$ 234,792
Total Increases				+\$ 606,051

Table Continues on the Next Page

Administrative Expenses

	FY 2013		Change from FY 2013	
	Federal WYs	Obligations	Federal WYs	Obligations
<u>PROGRAM DECREASES</u>				
<u>Net Decrease in WYs</u>			- 693	-\$ 68,768
<u>Net Decrease in Non-Payroll Costs</u>				-\$ 7,268
<u>Decreases in Obligations Funded from Other Prior-Year Unobligated Balances</u>		\$193,458		-\$ 193,458
Total Decreases			- 693	-\$ 269,494
<u>OTHER OBLIGATIONS</u>				
<u>MIPPA - LIS</u>		\$6,101		\$0
<u>State Children's Health Insurance Program (SCHIP)</u>		\$1,062		\$0
Total LAE Obligations, Net Change	66,040	\$ 12,045,052	- 693	+\$ 336,557

BUDGETARY RESOURCES BY OBJECT

Table 3.10—Budgetary Resources by Object^{1,2,3}
(dollars in thousands)

	FY 2013	FY 2014	Change
Personnel Compensation			
Permanent positions	\$ 4,646,389	\$ 4,739,680	\$ 93,291
Positions other than permanent	\$ 104,412	\$ 106,353	\$ 1,941
Other personnel compensation	\$ 252,099	\$ 220,511	-\$ 31,588
Special personal service payments	\$ 5,845	\$ 5,976	\$ 131
Subtotal, personnel compensation	\$ 5,008,745	\$ 5,072,521	\$ 63,775
Personnel Benefits	\$ 1,538,418	\$ 1,672,643	\$ 134,225
Travel and transportation of persons	\$ 35,434	\$ 35,348	-\$ 86
Transportation of things	\$ 14,895	\$ 14,859	-\$ 36
Rent, communications, and utilities			
Rental payments to GSA	\$ 717,620	\$ 740,478	\$ 22,858
Rental payments to others	\$ 313	\$ 313	-
Communications, utilities, misc.	\$ 392,906	\$ 438,685	\$ 45,779
Printing and reproduction	\$ 29,452	\$ 36,880	\$ 7,428
Other services (DDS, guards, etc.)	\$ 3,741,775	\$ 3,841,449	\$ 99,674
Supplies and materials	\$ 51,077	\$ 50,853	-\$ 224
Equipment	\$ 309,647	\$ 273,547	-\$ 36,100
Land and structures	\$ 181,051	\$ 180,473	-\$ 578
Grants, subsidies and contributions	\$ 102	\$ 101	-\$ 1
Insurance claims and indemnities	\$ 23,612	\$ 23,456	-\$ 156
Interest and dividends	\$ 5	\$ 4	-\$ 1
Total Obligations	\$ 12,045,052	\$12,381,609	\$ 336,557
Resources not being obligated in the current year (carrying over or lapsing)	\$ 89,139	\$ 4,376	- \$ 84,763
Total Budgetary Resources	\$ 12,134,191	\$ 12,385,985	\$ 251,794
Payments to State DDS (funded from other services and Communications, utilities, and misc.)	\$ 2,295,000	\$ 2,485,000	\$ 190,000

¹ Totals may not add due to rounding.

² The obligations include the base LAE appropriation, Recovery Act, LIS, SCHIP, and the PIAE mandatory funding proposal. The table reflects FY 2013 and FY 2014 projections of spending by object class. Resources are not managed at the object class level and SSA has the flexibility within the Administrative Expense accounts to modify projected spending during the budget execution process.

³ Reflects a legislative proposal included in the FY 2014 President's Budget that would create a new Program Integrity Administrative Expenses (PIAE) account and provide a more reliable stream of mandatory program integrity funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000. The FY 2013 column reflects a total program integrity assumption of \$1,024,000,000, which includes \$758,000,000 as part of the LAE, and \$266,000,000 as part of the PIAE account.

BACKGROUND

AUTHORIZING LEGISLATION

The LAE account is authorized by section 201(g) of the Social Security Act. The authorization language makes available for expenditure, out of any or all of the Trust Funds, such amounts as Congress deems appropriate for administering Title II, Title VIII, Title XVI, and Title XVIII of the Social Security Act for which SSA is responsible and Title XVIII of the Act for which the Secretary of Health and Human Services is responsible.

Table 3.11—Authorizing Legislation
(dollars in thousands)

	2012 Amount Authorized	2012 Enacted¹	2013 Amount Authorized	2013 estimate²	2014 Amount Authorized	2014 Estimate^{3,4}
Title II, Section 201(g)(1) of the Social Security Act	Indefinite	\$11,453,290	Indefinite	\$11,520,431	Indefinite	\$11,069,846

¹ The FY 2012 request included \$483 million in additional funding for program integrity work, \$161 million for SSI State Supplement user fees, and up to \$1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

² The FY 2013 request included \$483 million in additional funding for program integrity work, \$162 million for SSI State Supplement user fees, and up to \$1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

³ The FY 2014 request includes \$273 million in additional funding for program integrity work, \$173 million for SSI State Supplement user fees, and up to \$1 million from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).

⁴ The FY 2014 Budget Request includes a legislative proposal included in the FY 2014 President's Budget that would create a new Program Integrity Administrative Expenses (PIAE) account and provide a more reliable stream of mandatory program integrity funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000.

APPROPRIATION HISTORY

The table below includes the amount requested by the President, passed by the House and Senate Committees on Appropriations, and ultimately appropriated for the LAE account, including any rescissions and supplemental appropriations, for the last 10 years. The annual appropriation includes amounts authorized from SSI State Supplement user fees and, beginning in FY 2005, non-attorney representative user fees. Included in the FY 2014 President's Budget is a legislative proposal that would create a new PIAE account that would provide a more reliable stream of mandatory program integrity funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000.

Table 3.12—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
2004	\$8,530,000,000 ¹	\$8,361,800,000 ²	\$8,530,000,000 ³	\$8,361,800,000 ⁴
Rescission ⁵				-\$48,626,600
Final				\$8,313,173,400
Medicare Modernization Act ⁶				\$500,000,000
2005	\$8,878,000,000 ⁷	\$8,798,100,000 ⁸	\$8,622,818,000 ⁹	\$8,801,896,000 ¹⁰
Rescission ¹¹				-\$69,394,400
Final				\$8,732,501,600
2006	\$9,403,000,000 ¹²	\$9,279,700,000 ¹³	\$9,329,400,000 ¹⁴	\$9,199,400,000 ¹⁵
Rescission ¹⁶				-\$90,794,000
Final				\$9,108,606,000
Hurricane Katrina Funding ¹⁷				\$38,000,000
2007	\$9,496,000,000 ¹⁸	\$9,293,000,000 ¹⁹	\$9,093,000,000 ²⁰	\$9,297,573,000 ²¹
2008	\$9,596,953,000 ²²	\$9,696,953,000 ²³	\$9,721,953,000 ²⁴	\$9,917,842,000 ²⁵
Rescission ²⁶				-\$173,264,731
Final				\$9,744,577,269
Economic Stimulus Act ²⁷				\$31,000,000
2009	\$10,327,000,000 ²⁸	--- ²⁹	\$10,377,000,000 ³⁰	\$10,453,500,000 ³¹
MIPPA – Low Income Subsidy ³²				\$24,800,000
Recovery Act ³³				\$1,090,000,000
2010	\$11,451,000,000 ³⁴	\$11,446,500,000 ³⁵	\$11,446,500,000 ³⁶	\$11,446,500,000 ³⁷
Rescission ³⁸				\$47,000,000
2011	\$12,378,863,280 ³⁹	--- ⁴⁰	\$12,377,000,000 ⁴¹	\$11,446,500,000 ⁴²
Rescission ⁴³				\$22,893,000
Final				\$11,423,607,000
2012	\$12,522,000,000 ⁴⁴	--- ⁴⁵	\$11,632,448,000 ⁴⁶	\$11,474,978,000 ⁴⁷
Rescission ⁴⁸				\$21,688,000
Final				\$11,453,290,000 ⁴⁹
2013	\$11,760,000,000 ⁵⁰	--- ⁵¹	\$11,736,044,000 ⁵²	⁵³
2014	<u>\$12,296,846,000</u>			
LAE	\$11,069,846,000 ⁵⁴			
PIAE	\$ 1,227,000,000 ⁵⁵			

- ¹ Total includes \$120,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.
- ² H.R. 2660.
- ³ S. 1356.
- ⁴ Consolidated Appropriations Act, 2004 (P.L. 108-199).
- ⁵ A total of \$48,626,600 was rescinded by Consolidated Appropriations Act, 2004 (P.L. 108-199).
- ⁶ A total of \$500,000,000 was provided to SSA for start-up costs for the implementation of the Medicare Modernization Act of 2003 (P.L. 108-173).
- ⁷ Total includes up to \$121,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments.
- ⁸ H.R. 5006.
- ⁹ S. 2810.
- ¹⁰ Consolidated Appropriations Act, 2005 (P.L. 108-447). Total includes up to \$124,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$3,600,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ¹¹ A total of \$69,394,400 was rescinded by Consolidated Appropriations Act, 2005 (P.L. 108-447).
- ¹² Includes a total of \$601,000,000 in earmarked funding for continuing disability reviews in FY 2006. Total consists of \$412,000,000 in base funding and \$189,000,000 in additional funds. Includes up to \$131,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$3,600,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ¹³ H.R. 3010.
- ¹⁴ H.R. 3010, reported from Committee with an amendment.
- ¹⁵ Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149). Total includes up to \$119,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ¹⁶ A total of \$90,794,000 was rescinded by Department of Defense Appropriations Act, 2006 (P.L. 109-148).
- ¹⁷ A transfer from Department of Homeland Security for Hurricane Katrina-related costs (appropriated by P.L. 109-234).
- ¹⁸ Includes a total of \$490,000,000 in funding designated for continuing disability reviews in FY 2007. Total consists of \$289,000,000 in base funding and \$201,000,000 in additional funds. Includes up to \$119,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ¹⁹ H.R. 5647.
- ²⁰ S. 3708.
- ²¹ Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5).
- ²² Includes a total of \$477,000,000 in funding designated for SSI redeterminations and continuing disability reviews (CDRs). The base and cap adjustment requests for 2008 include both CDRs and SSI redeterminations, whereas previous cap adjustment requests were for CDRs only. Total consists of \$264,000,000 in base funding and \$213,000,000 in additional funds. Includes up to \$135,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ²³ H.R. 3043.
- ²⁴ S. 1710.

Administrative Expenses

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- ²⁵ Consolidated Appropriations Act, 2008 (P.L. 110-161). Includes up to \$132,641,550 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$982,530 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ²⁶ A total of \$173,264,731 was rescinded by the Consolidated Appropriations Act, 2008 (P.L. 110-161).
- ²⁷ Economic Stimulus Act (P.L. 110-185) provides funds for work related to rebate checks for Title II beneficiaries and disabled veterans.
- ²⁸ Total includes \$504,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$264,000,000 in base funding and \$240,000,000 in additional funds. Includes up to \$145,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ²⁹ The House Committee on Appropriations did not report a bill.
- ³⁰ S. 3230.
- ³¹ Omnibus Appropriations Act, 2009 (P.L. 111-8). Total includes \$504,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$264,000,000 in base funding and \$240,000,000 in additional funds. After enactment of the FY 2009 appropriation, \$1,378,700 was transferred from LAE to OIG.
- ³² From the General Fund of the Treasury, the Medicare Improvements for Patients and Providers Act (MIPPA) (P.L. 110-275) provides \$24,800,000 for activities related to the implementation of changes to the Low-Income Subsidy program. The MIPPA total does not include \$24,100,000 for Medicare Savings Program outreach and transmittal of data to states. Also not included is the Children's Health Insurance Program Reauthorization Act (P.L. 111-3), which appropriated to SSA \$5,000,000 to provide states the option to verify citizenship or nationality for the purposes of determining Medicaid or Children's Health Insurance Program eligibility.
- ³³ The American Recovery and Reinvestment Act (Recovery Act) (P.L. 111-5) provides SSA \$500,000,000 to process growing disability and retirement workloads, \$500,000,000 to replace the National Computer Center, and \$90,000,000 to administer the \$250 economic recovery payments for eligible Social Security and Supplemental Security Income beneficiaries.
- ³⁴ Total includes \$758,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$273,000,000 in base funding and \$485,000,000 in additional funds. Includes up to \$165,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments. Also includes up to \$500,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ³⁵ H.R. 3293.
- ³⁶ H.R. 3293, reported from Committee with an amendment.
- ³⁷ Consolidated Appropriations Act, 2010 (P.L. 111-117). Total includes \$758,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$273,000,000 in base funding and \$485,000,000 in additional funds. The enacted amount matches the President's request, after accounting for a technical adjustment resulting from CBO's scoring of user fees. Total includes up to \$160,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments, and \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ³⁸ \$47,000,000 of Recovery Act Economic Recovery Payment administration funds rescinded by section 318 of P.L. 111-226.
- ³⁹ Total includes \$796,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$283,000,000 in base funding and \$513,000,000 in additional funds. Includes up to \$185,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to \$500,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Includes \$1,863,280 to increase SSA's acquisition workforce capacity and capabilities.
- ⁴⁰ The House Committee on Appropriations did not report a bill.
- ⁴¹ S. 3686.
- ⁴² Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

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- ⁴³ A total of \$22,893,000 was rescinded by the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). The table does not display a \$200,000,000 rescission of no-year IT funds enacted in the Additional Continuing Appropriations Amendments, 2011 (P.L. 112-6) or a \$75,000,000 rescission of no-year IT funds enacted in the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).
- ⁴⁴ Total includes \$938,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$315,000,000 in base funding and \$623,000,000 in additional funds. Includes up to \$163,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203). Includes \$1,863,000 to increase SSA’s acquisition workforce capacity and capabilities.
- ⁴⁵ The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$12,041,494,000.
- ⁴⁶ S. 1599.
- ⁴⁷ Consolidated Appropriations Act, 2012 (P.L. 112-74). Total includes \$483,484,000 for continuing disability reviews and SSI redeterminations appropriated in the Disaster Relief Appropriations Act (P.L. 112-77).
- ⁴⁸ A total of \$21,688,000 was rescinded by the Consolidated Appropriations Act, 2012 (P.L. 112-74).
- ⁴⁹ The FY 2012 enacted LAE Budget Authority is \$11,453 million. However, effective April 1, 2012, Massachusetts will assume control of its State Supplementary payments reducing the estimated SSI user fees by approximately \$7.1 million. The resulting available SSI user fee funding for FY 2012 is approximately \$154 million. The available LAE funding for FY 2012 is approximately \$11,446 million.
- ⁵⁰ Total includes \$1,024,000,000 in funding designated for SSI redeterminations and continuing disability reviews – \$273,000,000 in base funding and \$751,000,000 in additional funds. Includes up to \$170,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ⁵¹ The House Committee on Appropriations did not report a bill. The Committee posted a draft bill which included \$10,684,414,000 for LAE.
- ⁵² S. 3295.
- ⁵³ At the time the Budget was formulated we had not received a full year appropriation for FY 2013. We were operating under a six month CR (P.L. 112-175) that funded agency operations at \$11,520,000,000 if annualized. This represents a 0.612 percent increase from the FY 2012 enacted level.
- ⁵⁴ Total includes \$273,000,000 in funding designated for SSI redeterminations and continuing disability reviews. Includes up to \$173,000,000 from user fees paid by states for Federal administration of SSI State Supplement payments and up to \$1,000,000 from fees collected pursuant to section 303(c) of the Social Security Protection Act (P.L. 108-203).
- ⁵⁵ The FY 2014 President’s Budget includes a legislative proposal to create a new Program Integrity Administrative Expenses (PIAE) account and provide a more reliable stream of mandatory program integrity funding. The FY 2014 PIAE request is \$1,227,000,000. With the addition of \$273,000,000 requested for program integrity as part of the LAE, the total program integrity request for FY 2014 is \$1,500,000,000.

ADDITIONAL BUDGET DETAIL

SIZE AND SCOPE OF SSA'S PROGRAMS

SSA's administrative budget is driven by the size of the programs we administer—both in terms of the amount of work performed and the number of people needed to process it—and by its continuing efforts to improve service, stewardship and efficiency.

Between the three major programs SSA administers—OASI, DI, and SSI—Federal benefit payment outlays totaled \$771.8 billion in FY 2011; under current law, Federal benefit payment outlays are expected to increase to \$815.6 billion in FY 2012 and \$869.1 billion in FY 2013. At approximately 1.4 percent of total outlays, SSA's administrative expenses continue to be a small fraction of overall program spending, demonstrating the agency's cost-conscious approach to managing its resources.

Table 3.13—Federal Benefit Outlays^{1,2}
(dollars in billions)

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Old-Age and Survivors Insurance	\$ 591.5	\$ 631.2	\$ 672.0
Disability Insurance	\$ 128.0	\$ 136.3	\$ 142.8
Supplemental Security Income	\$ 52.4	\$ 48.1	\$ 54.2
Total Outlays	\$ 771.8	\$ 815.6	\$ 869.1

Paralleling the growth in benefit payment outlays, the number of Federal beneficiaries of the three major programs SSA administers is expected to increase from 59.6 million in FY 2011 to 61.4 million in FY 2012 and 63.3 million in FY 2013.

Table 3.14—Beneficiaries^{1,3}
(average in payment status, in millions)

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Estimate
Old-Age and Survivors Insurance	44.1	45.3	46.7
Disability Insurance	10.3	10.7	11.1
Supplemental Security Income ⁴	7.8	8.0	8.2
Concurrent Recipients ⁵	-2.5	-2.6	-2.6
Total Beneficiaries	59.6	61.4	63.3

¹ Totals may not add due to rounding.

² Totals do not include payments to recipients of Special Benefits for World War II Veterans.

³ Totals do not include recipients of Special Benefits for World War II Veterans.

⁴ Does not include recipients who only receive a Federally Administered State supplementary payment and no Federal benefit.

⁵ Recipients receiving both DI and SSI benefits.

FULL TIME EQUIVALENTS AND WORKYEARS

The following table summarizes the Administrative Expense Accounts Federal and State workyears requested for FY 2014.

Table 3.15—SSA Supported Federal and State Workyears¹

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Federal Full-Time Equivalents (FTEs)	64,062	63,717	63,479
Federal Overtime/Lump Sum Leave	2,573	2,323	1,868
Total SSA Workyears (excludes OIG)	66,635	66,040	65,347
Total State DDS Workyears	14,913	15,352	16,170
Total SSA/DDS Workyears (excludes OIG)	81,548	81,392	81,517

SOCIAL SECURITY ADVISORY BOARD

This budget includes \$2.3 million for the Social Security Advisory Board in FY 2013. The *Social Security Independence and Program Improvements Act of 1994* mandated the creation of a seven-member Advisory Board to make recommendations on policies and regulations relating to SSA's major programs: OASDI and SSI. The Board is required by law to meet at least four times per year. For more information about the Social Security Advisory Board, please see their [website](#),

¹ Includes all workyears funded by the Recovery Act, MIPPA, Children's Health Insurance Program Reauthorization Act of 2009, and the PIAE mandatory funding proposal.

IT FUND TABLES

Table 3.16— LAE Expired Balances & No-Year IT Account (in thousands)

LAE Expired Accounts	Amounts
LAE unobligated balance from FY 2008-2011	\$185,600
LAE unobligated balance available from FY 2012	\$56,000
Total LAE unobligated balance from FY 2008-2012	\$241,600 ¹
Amounts projected for prior year adjustments	-\$196,000 ²
Total LAE unobligated balance available for transfer from FY 2008-2011	\$45,600
No-Year ITS Account	
Carryover from funds transferred in FY 2011 for FY 2012	\$0
Carryover from FY 2011 (Unobligated Balances)	\$32,477
Total carryover from FY 2011 to FY 2012	\$32,477
Funds transferred in FY 2012 for FY 2012	\$215,000
Total FY 2012 no-year ITS funding available	\$247,477
FY 2012 Obligations	-\$129,756
Recoveries in FY 2012	\$0
Total carryover into FY 2013	\$117,721
Funds transferred in FY 2013 for FY 2013 (apportioned on 11/30/2012)	\$45,600
Total FY 2013 no-year ITS funding available	\$163,321

ITS BUDGET AUTHORITY

SSA's FY 2014 Information Technology Systems (ITS) budget provides resources for the acquisition and maintenance of automated data processing (ADP) and telecommunications hardware and software, as well as ADP support services and related contractual services. SSA reviews all information technology (IT) spending to ensure it includes only those projects and activities that are most crucial for the agency's operations and/or have the highest payback. No-year funding is an essential portion of the total annual IT budget.

The table below displays ITS budget authority, split by type of funding, and obligations from FY 2012 through FY 2014.

¹ Reflects adjustments to the unobligated balances for these years. Balances as of 9/30/2012.

² We believe it is essential that these funds remain in the expired LAE accounts (FY2008-2012) to cover potential upward adjustments. Otherwise, SSA could face an anti-deficiency violation.

Table 3.17—ITS Budget by Activity

	FY 2012 Actual	FY 2013 Enacted	FY 2014 Estimate
Limitation on Administrative Expenses			
One-Year ¹	\$783,785,046	\$858,000,000	\$888,253,900
No-Year	\$129,755,667	\$163,321,634	\$0
Subtotal	\$913,540,713	\$1,021,321,634	\$888,253,900
Recovery Act (National Support Center)	\$27,449,087	\$58,000,000	\$77,600,000
Other Funding			
Affordable Care Act	\$289,154	\$0	\$0
Automation Investment Fund	\$0	\$69,433	\$0
State Children's Health Insurance Program	\$535,499	\$0	\$0
Total	\$941,814,453	\$1,079,391,067	\$965,853,900

Below are some of our significant accomplishments during FY 2012, which were made possible in part by the use of no-year funds:

- **Enhancements to on-line services:** This investment area offers the following SSA on-line services to citizens that allow them to:
 - Apply for Retirement benefits
 - Apply for Retirement benefits in Spanish
 - Apply for Disability Benefits
 - Apply for Supplemental Security Income benefits
 - Apply for Medicare benefits
 - Get a replacement Medicare card
 - Find out if you qualify for benefits
 - Estimate your future benefits
 - Request proof of income letter
 - Report SSI Wages via mobile application
 - Change your address or telephone number
 - Change or sign up for direct deposit
- **Disability Workloads:** Investments in this area help to reduce the hearing office backlogs, improve the speed and quality of the disability process, and provide modernization and linkage to an electronic disability folder. During FY 2012, the following advancements were made in this area:

¹ FY 2012 one-year funds include regular one-year, base CDRs, additional CDRs, and Access to Financial Institutions. FY 2013 and FY 2014 one-year funds include regular one-year, base CDRs, and additional CDRs.

Administrative Expenses

- Deployed to pilot sites the first beta release of our Disability Case Processing System.
 - Upgraded and enhanced legacy disability systems.
 - Released the beta version of our National Vendor File.
 - Expanded Compassionate Allowance functionality to adult internet disability applicants.
 - Enhanced usability of iAppeals – the on-line application for appealing a disability decision.
 - Expanded video hearing capabilities.
 - Released initial version of the Electronic Bench Book (eBB) supporting the rendering of consistent and policy compliant hearing decisions and the generation of decisional notices.
 - Released for pilot the Availability and Scheduling Application (ASA).
 - Completed bringing on-board contract partners providing data for MEGAHIT (Medical Evidence Gathering and Analysis through Health Information Technology).
- **Access to Financial Institutions (AFI):** Because SSI is a means-tested program, we must verify available income and resource levels as factors of eligibility. Historically, financial accounts held by SSI recipients with balances above the resource limit are a leading cause of payment error. To reduce errors, the AFI process replaces the practices of individual self-reporting and direct contacts with financial institutions.
 - In 2012, SSA deployed AFI release 2. This release provides for the integration of the financial institution response data into the Modernized SSI Claims System (MSSICS) using business rules that update the resource record when possible.
 - We plan to lower the tolerance, increase the number of bank searches, and fully integrate the process with our systems.
 - **Data Center Infrastructure:** The National Computer Center (NCC), which opened in 1980, has been in continuous operation as a data center for more than 30 years.
 - SSA's Data Center investment secures and maintains demographic, wage, and benefit information on all American citizens.
 - The investment ensures the availability, changeability, stability, and security of SSA's IT operations.
 - The agency implemented zOS1.13, IBM's latest operating system. SSA's mainframe systems are now more equipped to handle expected workload increases as well as high availability demands.

- SSA developed more detailed plans for the transition to the National Support Center and made significant progress in the area of server and storage virtualization.

Below is a list of major initiatives included in the IT budget.

- **IT Infrastructure:** The IT Infrastructure initiatives assure the sustained operation of current IT systems and provide an environment to support the growth of the agency's new systems and technical infrastructure. The following are major IT Infrastructure initiatives:
 - Data Center
 - Office Automation
 - Telecommunications
 - Telephone Systems Replacement Project
 - National Support Center
- **Core Services:** Core Services develop seamless, integrated, customer-centric automation tools that support all service delivery channels and several major business processes of the agency. The following are major Core Services initiatives:
 - Citizen Access Routing Enterprise Through 2020 (CARE Through 2020)
 - Medicare Modernization Act Project
 - eServices (formerly Online Claims)
 - Earnings Redesign
 - Title II Redesign
 - SSI Modernization
- **Disability Process:** Disability Process investments will support the administration of SSA's disability programs and allow the agency's employees to provide quality service that is responsive to the needs of the disabled population. The following are major Disability Process initiatives:
 - Disability Case Processing System (DCPS)
 - Disability Determination Services (DDS) Automation
 - Intelligent Disability (IDib)
- **Security and Business Recovery:** The Security and Business Recovery investment implements security policies and procedures within the IT environment at SSA. This investment will ensure that IT resources are protected from internal and external users' threats, such as unauthorized access, misuse, damage, or loss.
- **High Performing Workforce:** The High Performing Workforce initiatives will improve the productivity, efficiency, and quality of the agency's human resource systems and services. Interactive Video Teletraining is a major High Performing Workforce initiative.
- **Program Integrity:** Program Integrity investments support the agency's goal to preserve the public's trust in the agency's programs. The agency's goals for Program

Administrative Expenses

Integrity are to: minimize improper payments; automate the collection of death information; increase the electronic filing of wage reports and improve earnings record accuracy; strengthen our ability to protect program dollars from fraud, waste, and abuse; ensure that internal control deficiencies affecting our financial statements are corrected; and ensure the safety of SSA's resources during emergencies.

- **Enterprise Architecture and Planning:** IT investments in this area provide support services, hardware, and software needed to design, develop, and document enhancements to SSA's Enterprise Architecture and explore promising technologies.
- **Financial Management Systems:** Financial Management Systems investments support the agency's compliance with applicable accounting principles, standard, and related requirements; management control standards; and policies and requirements prescribed by the Office of Management and Budget and the Department of Treasury. The Financial Accounting System is the only major investment in this initiative area.
- **Hearings Process:** The Hearings Process investments promote and manage IT projects that directly advance efforts to eliminate the backlog and prevent its recurrence.

SSA E-GOV CONTRIBUTIONS

SSA supports many E-Government initiatives. These initiatives serve citizens, businesses, and Federal employees by delivering high-quality services more efficiently and by providing services that might not otherwise be available. These initiatives are included in the agency's IT budget.

Table 3.18 – SSA E-Gov Contributions (in thousands)¹

	FY 2012 Actual	FY 2013 Enacted	FY 2014 Estimate
Disaster Assistance Improvement Plan	\$ 65	\$ 41	\$ 39
E-Federal Health Architecture LoB	\$ 500	\$ 100	\$ 100
E-Rulemaking	\$ 58	\$ 62	\$ 50
Financial Management LoB	\$ 35	\$ 67	\$ 67
Geospatial LoB	\$ 15	\$ 15	\$ 25
GovBenefits.gov	\$ 231	\$ 173	\$ 197
Grants.gov	\$ 38	\$ 41	\$ 36
Grants Management LoB	\$ 0	\$ 0	\$ 0
Human Resources Management LoB	\$ 130	\$ 130	\$ 130
Integrated Acquisition Environment (IAE)	\$ 94	\$ 98	\$ 104
IAE-Loans and Grants	\$ 13	\$ 13	\$ 0
Performance Management LoB	\$ 0	\$ 17	\$ 59
Total	\$ 1,179	\$ 757	\$ 807

Social Security remains an active contributor to the following E-Government initiatives.

Disaster Assistance Improvement Plan will provide a unified point of access to disaster management-related information, mitigation, response, and recovery information.

E-Federal Health Architecture Line of Business (LoB) will support integration of the agency's health information systems into the emerging Nationwide Health Information Network (NHIN).

E-Rulemaking improves collaboration across government on regulatory matters and provides a central web-based environment for the public to review and comment on SSA regulatory actions while reducing administration costs.

Financial Management LoB reduces non-compliant systems by leveraging common standards and shared service solutions in Federal financial operations.

Geospatial LoB maximizes geospatial investments by leveraging resources and reducing redundancies. Offering a single point of access to map-related data will allow SSA to improve mission delivery and increase service to citizens.

¹ Totals may not add due to rounding.

Administrative Expenses

GovBenefits.gov helps to promote awareness of SSA's benefit programs to the public, assisting SSA in its strategic goals of delivering citizen-centric world-class service and strengthening public understanding of Social Security programs.

Grants.gov provides a single, online portal and central storehouse of information on grant programs for all Federal grant applicants.

Grants Management LoB is developing solutions to standardize and streamline the grants management process government-wide. Grants Management LoB is pursuing a consortia based approach to share operations and maintenance costs, and development, modernization, and enhancement costs across agencies, decreasing the burden that any one grant-making agency must bear. Business processes as available through consortium lead agencies will decrease agency reliance on manual and paper-based grants processing.

Human Resources Management LoB provides common core functionality to support the strategic management of Human Capital government-wide.

Integrated Acquisition Environment and IAE-Loans and Grants creates a secure environment to facilitate the acquisition of goods and services.

Performance Management LoB modernizes the Federal Government's performance reporting framework by facilitating a transition from print-based GPRA performance plans and reports to a shared, web-based, Government-wide performance portal, as required by the GPRA Modernization Act (Sec. 7 and Sec. 10).

Table 3.19 – Other SSA Expenses/Service Fees Related to E-Gov Projects (in thousands)¹

	FY 2012 Actual	FY 2013 Enacted	FY 2014 Estimate
Recruitment One-Stop	\$ 430.2	\$ 430.2	\$ 430.2
Enhanced Human Resource Integration	\$ 1,454.1	\$ 1,111.1	\$ 1,050.6
E-Payroll	\$ 15,757.0	\$ 16,150.8	\$ 15,575.3
E-Travel	\$ 779.3	\$ 1,256.7	\$ 943.1
Total	\$ 18,420.6	\$ 18,948.8	\$ 17,999.2

In addition to making annual contributions to the managing partners of certain E-Gov projects, SSA also funds various ongoing business services that are related to E-Gov projects. These funds are part of SSA's ongoing budget and pay for services provided by other agencies under authority of the Economy Act.

¹ Totals may not add due to rounding.

Recruitment One-Stop provides an online portal (www.usajobs.gov) through which citizens can easily search for employment opportunities throughout the Federal Government.

Enhanced Human Resource Integration initiative is developing policies and tools to streamline and automate the electronic exchange of standardized human resource data needed for the creation of an official employee record across the Executive Branch.

E-Payroll standardizes and consolidates government wide Federal civilian payroll services and processes.

E-Travel is intended to provide a government wide standard set of world-class travel management services to consolidate Federal travel, minimize cost, and improve customer satisfaction. The total includes \$250K for E-Travel In-Kind Contribution to implement new E-Gov Travel Services. This implementation should be completed in FY 2014.

EMPLOYMENT

The following table provides a detailed view of the full-time equivalent employment levels.

Table 3.20—Detail of Full-Time Equivalent Employment

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
Administrative Expenses Accounts	63,760	63,417	63,179
Reimbursable Work	302	300	300
	64,062	63,717	63,479

The following table lists the Average Grade and Salary for SSA employees for FY 2012. It includes averages for Executive Service (ES) and General Service (GS) employees.

Table 3.21—Average Grade and Salary

	FY 2012 Actual
Average ES Salary	\$164,900
Average GS/WG Grade	10
Average GS/WG Salary	\$69,300

Table 3.22—Historical Staff-On-Duty by Major SSA Component¹

	FY 2011 Actual	FY 2012 Actual
Field Offices	29,652	28,790
Teleservice Centers	4,802	4,535
Processing Centers	11,216	10,649
Regional Offices	1,801	1,663
Operations Subtotal	47,471	45,637
Office of Disability Adjudication and Review	9,963	10,041
Systems	3,384	3,345
Office of Quality Performance	1,271	1,181
Headquarters	4,784	4,703
SSA Total	66,873	64,907

¹ Includes full time, part time, and temporary employees.

PHYSICIANS' COMPARABILITY ALLOWANCE

Table 3.23—Physicians Comparability Allowance Worksheet

Physicians' Comparability Allowance (PCA) permits agencies to provide allowances to certain eligible Federal physicians who enter into service agreements with their agencies to address recruitment and retention problems (5 U.S.C. 5948). The following worksheet provides details on usage of PCA within SSA from FY 2012-2014.

		PY 2012 (Actual)	CY 2013 (Estimates)	BY 2014* (Estimates)
Number of Physicians Receiving PCAs		6	6	6
Number of Physicians with One-Year PCA Agreements		0	0	0
Number of Physicians with Multi-Year PCA Agreements		6	6	6
Average Annual PCA Physician Pay (without PCA payment)		150,897	151,584	152,272
Average Annual PCA Payment		21,833	21,833	21,833
Number of Physicians Receiving PCAs by Category (non-add)	Category I Clinical Position			
	Category II Research Position			
	Category III Occupational Health			
	Category IV-A Disability Evaluation			
	Category IV-B Health and Medical Admin.	6	6	6

*FY 2014 data will be approved during the FY 2015 Budget cycle.

Maximum annual PCA amount paid to each category of physician:

See tables 3.25 and 3.26 for the maximum annual PCA amount paid to each category of SSA physicians. The amounts shown on the tables have allowed us to successfully recruit and retain our medical officers.

Recruitment and retention problem(s) for each category of physician:

SSA offers PCAs to our medical officers (MO) in order to recruit and retain the highly specialized physicians that we need. MOs are critical to our mission as they possess specialized skills required to write, revise, update, and develop agency medical policy, including medical policy that is used for evaluating reasonable accommodation requests and evaluating claims for disability benefits under the Social Security disability insurance program or payments under the Supplemental Security Income program.

The PCA helps to compensate for the decrease in salary that a physician accepts when becoming a civil servant. Our MOs accept a reduction in income under the General Schedule (GS) pay scale, which is capped at the GS 15/step 10.

Also, PCAs continue to be a point of importance among our MOs and are a key factor in our ability to retain our current MOs and recruit new ones. If we do not retain the PCA, our MOs may elect to find employment in other areas or agencies where PCAs are not only offered but also offered at higher amounts than what we offer.

Administrative Expenses

SSA must continue to offer PCAs in order to recruit new physician MOs and retain the ones we have as we compete for their services with other government agencies.

Degree to which recruitment and retention problems were alleviated at SSA through the use of PCAs in the prior fiscal year.

SSA was able to retain its medical officers by continuing to offer PCAs.

MAXIMUM PHYSICIANS' COMPARABILITY ALLOWANCES**Table 3.24—Maximum Physician's Comparability Allowances- 1-Year Contract**

CATEGORY	PHYSICIANS WITH 24 MONTHS OR LESS OF SERVICE			PHYSICIANS WITH MORE THAN 24 MONTHS OF SERVICE		
	GS-13	GS-14	GS-15/SES	GS-13	GS-14	GS-15/SES
1. Occupational Health	*	*	*	*	*	*
2a. Disability Evaluation	*	*	*	*	*	*
2b. Administration	\$8,000	\$9,000	\$10,000	\$12,000	\$18,000	\$24,000

Table 3.25—Maximum Physician's Comparability Allowances- 2-Year Contract

CATEGORY	PHYSICIANS WITH 24 MONTHS OR LESS OF SERVICE			PHYSICIANS WITH MORE THAN 24 MONTHS OF SERVICE		PHYSICIANS WITH MORE THAN 24 MONTHS BUT NOT MORE THAN 48 MONTHS OF SERVICE	PHYSICIANS WITH MORE THAN 48 MONTHS OF SERVICE
	GS-13	GS-14	GS-15/SES	GS-13	GS-14	GS-15/SES	GS-15/SES
1. Occupational Health	*	*	*	*	*	*	*
2a. Disability Evaluation	*	*	*	*	*	*	*
2b. Administration	\$12,000	\$13,000	\$14,000	\$18,000	\$24,000	\$27,000	\$30,000

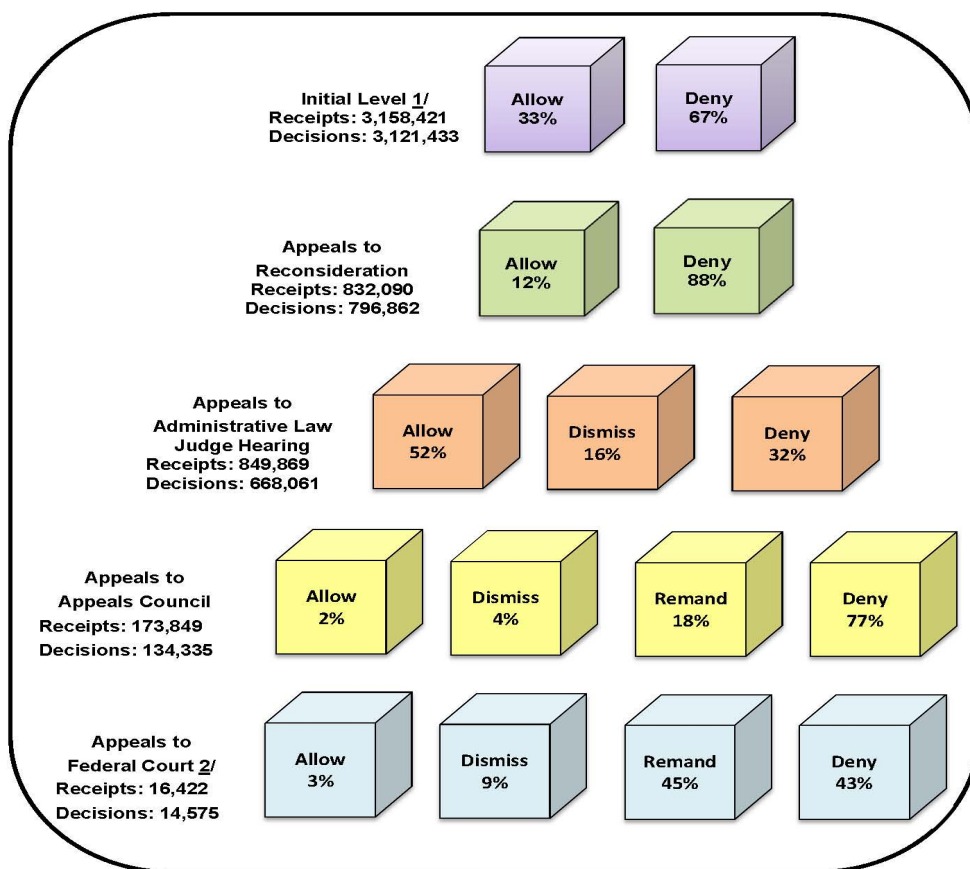
* SSA currently is not experiencing any recruitment or retention problems for the categories of Occupational Health and Disability Evaluation; therefore, no related maximum allowances have been established for these categories. Maximum allowances have been set for the category of Administration because the Commissioner has determined that there is a significant problem recruiting and retaining physicians for a few positions in this category in the Office of Disability Programs and the Office of Personnel.

FY 2012 DISABILITY WORKLOAD

The following table provides data on the FY 2012 disability claims and appeals workload.

Table 3.26—FY 2012 Workload Data Disability Appeals

Fiscal Year 2012 Workload Data:
Disability Decisions*



*Includes Title II, Title XVI, and concurrent initial disability determinations and appeals decisions issued in FY 2012, regardless of the year in which the initial claim was filed, and regardless of whether the claimant ever received benefits (in a small number of cases with a favorable disability decision benefits are subsequently denied because the claimant does not meet other eligibility requirements.) Does not include claims where an eligibility determination was reached without a determination of disability. If a determination or appeals decision was made on Title II and Title XVI claims for the same person, the results are treated as one concurrent decision.

1/ About 24% of initial level denials are issued in States that use the Disability Prototype process, which eliminates the reconsideration step of the appeals process. The first level of appeal for these cases is a hearing before an Administrative Law Judge.

2/ Federal Court data includes appeals of Continuing Disability Reviews.

Note: Due to rounding, data may not always total 100%.

Prepared by: SSA, Office of Disability Program Management Information, 11/26/12; Office of Budget, 01/30/13

Data Sources: A) Initial and Reconsideration Data: SSA State Agency Operations Report; B) Administrative Law Judge and Appeals Council data: SSA Office of Disability Adjudication and Review (ODAR); and C) Federal Court data: SSA Office of General Counsel

LEGISLATIVE PROPOSALS

Enhanced Demonstration Authority and Early Intervention Projects: The FY 2014 President's Budget calls for providing us and partner agencies with authority to test innovative techniques to help people with disabilities remain in the workforce. In addition to providing new authority to test early interventions, the Budget also proposes reauthorization of our demonstration authority for the Disability Insurance (DI) program, allowing us to continue to test effective ways to boost employment and support current DI and SSI beneficiaries who are seeking to return to work.

Enacted Adjustments Pursuant to the Balanced Budget and Emergency Deficit Control Act (BBEDCA) Converted to Mandatory Funding: BBEDCA, as amended by the Budget Control Act, recognized that a multi-year strategy of focusing attention and resources on reducing the rate of improper payments, commensurate with the large costs of the disability programs we administer, is a laudable goal. To support that goal, BBEDCA, as amended, provided for increases to the discretionary spending limits for additional funding for our program integrity activities through 2021. These adjustments are made only if appropriations bills increase funding for the specified program integrity purposes above specified base levels. This budget mechanism was intended to ensure that the additional funding did not supplant other Federal spending on these activities and that such spending was not diverted to other purposes.

Despite enactment of these multi-year discretionary cap adjustments, annual appropriations bills have not provided the full amount of program integrity funding authorized in BBEDCA, as amended. Tens of billions of dollars in deficit savings over the next ten years from curtailing improper payments will not be realized if the administrative expenses for program integrity envisioned by BBEDCA, as amended, are not provided in each year.

To ensure these important program integrity investments are made, the Budget is proposing to repeal our discretionary cap adjustments beginning in 2014 and instead provide a dedicated, dependable source of mandatory funding that will ensure we have the resources that we need to conduct necessary program integrity activities and make certain that the right people receive the right payment for the right reason at the right time. Providing mandatory funding will also avoid delays in annual appropriations that make it difficult for us execute our budget plans and achieve targeted results in each year.

For 2014, the Budget proposes to continue to provide the base funding of \$273 million through discretionary appropriations. After 2014, no discretionary funding is being proposed for this purpose. In addition, the Budget proposes an annual reduction to the discretionary spending limits in section 251(c) of BBEDCA, as amended, beginning in 2015 to offset the cost of shifting the base funding from discretionary to mandatory. This mandatory program integrity funding will produce new net deficit savings of roughly \$38 billion over 11 years.

For 2013, although final appropriations action was not yet complete at the time the Budget went to print, the 2013 appropriations bill had not fully funded the cap adjustment for 2013 for CDRs and redeterminations; therefore, the Administration is proposing to increase mandatory funding for this purpose by \$266 million in 2013. This funding will realize net savings of \$1,941 million,

included in the new net deficit savings above, when compared to the current enacted amount for 2013.

Reduction of Improper Payments and Identity Theft by Reforming Access to the Death

Master File: The Budget proposes to amend the Social Security Act to limit access to the "Death Master File" to prevent this information from being used to file fraudulent claims for benefits or tax refunds. This proposal provides that death information that we maintain may be used by agencies, subject to such safeguards as the Commissioner of Social Security determines are necessary or appropriate for the purpose of public health or safety, law enforcement, tax administration, health oversight, debt collection, payment certification, disbursement of payments, and for the prevention, identification or recoupment of improper payments.

Windfall Elimination Provision (WEP) and Government Pension Offset (GPO): The FY 2014 President's Budget includes a proposal to develop automated data exchanges for states and localities to submit timely information on pensions that are based on work not covered by Social Security. This information would reduce improper payments that occur when we are unable to determine that a beneficiary should have been subject to WEP or GPO. The proposal includes mandatory funding for developing and implementing data exchanges and provides for grants to state and local entities for this purpose.

Workers' Compensation Information Reporting: The FY 2014 President's Budget includes a legislative proposal to develop and implement a system to collect information on workers' compensation receipts from states and private insurers. We would use the information to improve the integrity of the workers' compensation reporting process, improve the accuracy of Social Security disability and SSI payments, reduce improper payments, and lessen our reliance on the beneficiary to report this information in a timely manner. We would also provide pertinent collected information to the Secretary of Health and Human Services for child support enforcement purposes.

Extend SSI Eligibility for Refugees and other Humanitarian Immigrants: The FY 2014 President's Budget includes a proposal to increase the SSI eligibility period for refugees, asylees, and other noncitizens in refugee-like immigration statuses (i.e., humanitarian immigrants) from a maximum of seven years to a maximum of nine years during fiscal years 2014 and 2015. Individuals whose benefits expired solely due to the 7-year time limit would be eligible for up to 24 months of extended benefits paid prospectively until the conclusion of the 9-year period or the end of FY 2015, if earlier.

Conform Treatment of State and Local Government Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) for SSI: The FY 2014 President's Budget proposes to conform the treatment of state and local EITC and CTCs to the treatment of the Federal EITC and CTC for purposes of determining eligibility for SSI. Currently, the Federal EITC and CTC are excluded from the SSI income and resource tests. However, state and local versions of these credits are not excluded, resulting in the reduction or loss of SSI benefits for those receiving the credits. This proposal would simplify SSI policy and eliminate the administrative costs of determining whether such credits are excluded Federal payments or countable state or local payments.

Terminate Stepchild Benefits in the Same Month as Stepparents: The FY 2014 President's Budget proposes a technical correction relating to when Social Security benefits stop due to divorce. A parent and stepchild may receive benefits on the record of a worker, but, if the marriage terminates in less than 10 years, they are no longer eligible for benefits. Currently when a stepchild's parent is divorced and no longer eligible for benefits from a former spouse, benefits for the parent terminate in the month before the month in which the divorce becomes final. However, benefits for the stepchild terminate one month later, in the month the divorce becomes final. This proposal would provide equal treatment for the stepchild and his or her parent; both benefits would end in the month before the month in which the divorce becomes final.

Allow SSA to Certify Electronically Additional Railroad Retirement Board (RRB) Benefits: The FY 2014 President's Budget proposes to add the category of divorced spouses of railroad workers to the list of beneficiaries we would certify the amount of Social Security benefits to the RRB for payment electronically. This change would improve administration and result in fewer errors. In addition, it would ensure consistency with other Social Security benefits to railroad workers and their dependents.

Lower the Electronic Wage Reporting Threshold: Currently the Department of Treasury requires businesses that file 250 or more W-2s per calendar year to file electronically. The FY 2014 President's Budget proposes to modify the Internal Revenue Code so that the Department of Treasury can require more businesses to file electronically. The Budget would lower the electronic wage reporting threshold from 250 to 50 employees, reducing the number of paper returns we must process. This change would increase the efficiency and accuracy of this process because electronic returns are generally more accurate than scanned or keyed returns.

Federal Wage Reporting: The FY 2014 President's Budget includes a legislative proposal to revert to quarterly wage reporting. The proposal would not affect reporting on self-employment. Increasing the timeliness of wage reporting would enhance tax administration and improve program integrity for a range of programs.

Disclose Prisoner Data for Improper Payments: The FY 2014 President's Budget proposes to include a multi-Agency proposal to improve SSA's Prisoner Update Processing System (PUPS) to identify, prevent and recover improper payments. Our PUPS data would be shared with Treasury for Government-wide access through the Do Not Pay portal. The PUPS data will also help prevent prisoners from illegally receiving payments, such as unemployment compensation and certain Railroad Retirement benefits.

Offset Concurrent Receipt of Disability Insurance and Unemployment Compensation Benefits: The FY 2014 President's Budget takes other critical steps to find savings in government programs by making smart reforms that root out duplicative or wasteful spending, such as reducing an individual's Disability Insurance (DI) benefit in any month in which that person also receives a state or Federal unemployment benefit. This proposal would eliminate dual benefit payments covering the same period a beneficiary is out of the workforce, while still providing a base level of income support. Enacting this offset would save \$1 billion over 10 years.

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APPROPRIATION LANGUAGE

Office of Inspector General

(including transfer of funds)

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, [\$30,000,000]~~\$30,000,000~~, together with not to exceed [77,600,000]~~\$75,733,000~~, to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

In addition, an amount not to exceed 3 percent of the total provided in this appropriation may be transferred from the “Limitation on Administrative Expenses”, Social Security Administration, to be merged with this account, to be available for the time and purposes for which this account is available: *Provided*, That notice of such transfers shall be transmitted promptly to the Committees on Appropriations of the House of Representatives and the Senate at least 15 days in advance of any transfer. *Note.—A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Resolution, 2013 (P.L. 112-175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.*

GENERAL STATEMENT

OVERVIEW

The Fiscal Year (FY) 2014 President's Budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is \$105,733,000 in total budget authority and 575 full-time equivalents (FTE). This is \$2,824,000 above the annualized continuing resolution level.

The FY 2014 request provides resources to increase our staffing level to 575 FTEs. The FY 2014 budget request will support spending at an operating level that will allow our auditors and investigators to meet their productivity goals. The budget request will provide funding for a 575 FTE staffing level, the President's proposed 1 percent pay raise, mandatory payroll increases (e.g., within-grade increases, scheduled promotions, health benefits, etc.), and related support costs. The budget request assumes OIG will replace some staffing losses during FY 2014, and provides ongoing support for the major initiatives already in place. OIG will continue to meet its homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating Social Security number (SSN) misuse.

Although American Recovery and Reinvestment Act of 2009 (ARRA) funding for oversight of the National Computer Center (NCC) replacement has expired, we plan to continue to oversee the building construction, final building commissioning, and the IT migration to the new facility. We will complete reviews to address specific milestones as needed.

This budget includes \$800,000 for training, which satisfies all FY 2014 training requirements for OIG. OIG is not required to contribute to the Council of the Inspectors General on Integrity and Efficiency in FY 2014, and no funding has been requested for that purpose.

Table 4.1—Justification

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate	FY13 to FY14 Change
FTE	569	570	575	+5
Appropriation	\$ 102,283,000	\$ 102,909,000	\$ 105,733,000	+ \$ 2,824,000
ARRA ¹	\$ 888,000	\$ 0	\$ 0	\$ 0
Total Obligations ²	\$ 102,200,000	\$ 102,909,000	\$ 105,733,000	+ \$ 2,824,000
Unobligated balance lapsing	\$ 971,000	\$ 0	\$ 0	+\$ 0

ONGOING INITIATIVES

Computer Forensic Cyber-Related Investigations

OIG investigations have increasingly been linked to cyber-related activities, such as direct deposit fraud-related scams, fraudulent Internet applications for benefits, and employee computer misuse. In FY 2012, OIG's Digital Forensics Team (DFT) opened 152 forensic cases and examined over 37 terabytes of data. OIG currently has 14 trained computer forensic examiners with plans to increase our capabilities. Additionally, in FY 2013, we plan to commence operation of an Electronic Intelligence Center (EIC) within OIG. Working alongside DFT, EIC will provide in-depth analysis and proactive analytics in support of our investigative and audit work, as well as provide direct intelligence support in furtherance of ongoing OIG investigations.

Recently, there has been a heightened awareness of the need for robust measures in the protection of government networks and the investigation of incidents of cyber crimes against those networks. With the creation of National Security Presidential Directive 54 and the emphasis placed on the Government's Trusted Internet Connection initiative, the protection of government networks has become a priority. OIG is a partner in the agency's effort to protect Personally Identifiable Information stored within SSA's networks. However, with the increased focus on network security, OIG must enhance its abilities in the area of Computer Security and Incident Response. OIG, by utilizing the capabilities of DFT and EIC, seeks to develop the skills and hire personnel to maintain an effective Computer Security Incident Response Team. This team will provide investigative and security support to SSA in the event of a network intrusion by determining the origin of the attack and referring the investigative lead to field investigators. To be effective, OIG must keep pace with technological advances. Our FY 2014 budget request

¹ The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual ARRA obligation was \$595,000 for FY 2009; \$291,000 for FY 2010; \$226,000 for FY 2011; and \$888,000 for FY 2012. In September 2012, our Office of Audit discovered that the vendor performing work under the Recovery Act Contract had billed some services in the wrong fiscal years. This caused numbers to change in each fiscal year once the transactions were corrected in our accounting system.

² Some FY 2012 obligation expenses were inadvertently not processed until the first quarter of FY 2013 and, as a result, did not appear on the end-of-year report. After posting those expenses, the FY 2012 obligations, excluding ARRA, are \$101,727,000, and the lapse was \$556,000. The planned obligations for FY 2013 and FY 2014 are \$102,909,000 and \$105,733,000 respectively.

includes funds to provide our computer forensic investigators and investigative analysts with the equipment, training, and software needed to strengthen our computer forensics capabilities and thereby combat computer crimes.

Cooperative Disability Investigations

In continuance of OIG's commitment to work with SSA to prevent improper payments, OIG continues to participate with SSA, as well as State Disability Determination Services (DDS), and State/local law enforcement partners, in the Cooperative Disability Investigations (CDI) program. The CDI program currently has 25 units in 21 States and the Commonwealth of Puerto Rico. In FY 2012, the CDI program resulted in over 4,000 confirmed fraud cases, and over \$339 million in SSA savings.

Allegation Management and Fugitive Enforcement

The Allegation Management and Fugitive Enforcement Division (AMFED) is responsible for receiving, analyzing, and referring allegations of fraud, waste, and abuse in Social Security programs and operations. AMFED is also responsible for managing the fugitive warrant verification and referral process for Social Security's fugitive enforcement operations.

In FY 2012, these processes contributed significantly to the mission of OIG and SSA. AMFED received 67,854 allegations. Through the development of referred allegations, SSA identified \$3,196,734 in benefit overpayments. AMFED matched 123,723 fugitive subjects from incoming Federal, State, and local warrant files and referred them to law enforcement for apprehension and warrant verification. AMFED referred 798 fugitive subjects for benefit suspension. Through data-sharing efforts, 223 fugitives were apprehended.

Civil Monetary Penalty Program

OIG improves SSA program integrity through its administration of the Civil Monetary Penalty (CMP) enforcement statutes. This authority, delegated by the Commissioner of Social Security, allows OIG to impose CMPs against violators of Sections 1129 and 1140 of the *Social Security Act*. Section 1129 of the Act allows for the imposition of a CMP against those who make false statements, representations, or omissions in connection with obtaining or retaining Disability Insurance benefits or Supplemental Security Income (SSI) payments. Section 1129 also allows for CMPs against representative payees who misuse benefits or payments. Section 1140 of the Act enables OIG to impose penalties against individuals or entities that use SSA's program words, letters, symbols, or emblems in advertisements or other communications in a misleading manner that falsely implies SSA's approval, endorsement, or authorization. In FY 2012, OIG's CMP program successfully closed 188 Section 1129 cases, resulting in penalties and assessments of over \$10.1 million; and 27 Section 1140 cases, resulting in penalties and assessments of over \$138,000.

SSA'S SIGNIFICANT MANAGEMENT ISSUES

OIG annually identifies the most significant management issues facing SSA based on congressional mandates and its audit and investigative work. These issues are:

1. Strengthen Strategic and Tactical Planning

2. Improve Customer Service
3. Improve the Timeliness and Quality of the Disability Process
4. Improve Transparency and Accountability
5. Invest in Information Technology Infrastructure to Support Current and Future Workloads
6. Reduce Improper Payments and Increase Overpayment Recoveries
7. Reduce the Hearings Backlog and Prevent its Recurrence
8. Strengthen the Integrity and Protection of the Social Security Number

A summary of each is discussed below:

Issue #1: Strengthen Strategic and Tactical Planning

While SSA has plans to address its operations in the next 4 to 5 years, it does not have strategic or tactical plans that address how the agency will operate beyond 5 years. While near-term planning is important, SSA needs long-range plans that address long-term challenges, including a rising workload, a decrease in experienced staff, overly complex program policies, and a rising need to provide more services electronically. The agency has FY 2008 through 2013 and FY 2013 through 2016 Strategic Plans and an Information Resources Management Strategic Plan. These plans cover periods of 4 to 5 years. SSA also has a Strategic Human Capital Plan. This plan does not define the timeframe it addresses, but it states that it is aligned with the Agency's Strategic Plan. The most current Agency Strategic Plan addresses a 4-year period. While planning for the next few years is important, SSA needs a longer-term vision to ensure the agency has the programs, processes, staff, and infrastructure required to provide needed services in the future.

The number of individuals filing for benefits has increased, and SSA predicts it will continue to increase by the millions. The agency estimates that 80 million individuals, most from the baby boomer generation, will file for benefits over the next 20 years. The population applying for benefits will expect SSA to provide a greater number of services electronically. SSA realizes that it needs to rely more on technology not only to meet customer expectations but to keep up with a rising workload. As workloads rise, a greater proportion of SSA's workforce will become eligible to retire; 19 percent of SSA's employees are eligible. In FY 2015, 33 percent of SSA's current employees will be eligible to retire, and by FY 2020, this number will increase to 45 percent. While not every employee retires as soon as he/she is eligible to do so, SSA predicts that 28 to 36 percent of its workforce will retire over the next 10 years. Given the expectation of leaner future budgets, SSA needs to plan to meet its mission with fewer resources.

At a time when SSA needs to plan to do more with less, SSA lacks long-term plans in a number of critical areas. In its 2011 report, *The Social Security Administration: A Vision of the Future*, the Social Security Advisory Board recommended that SSA take multiple steps to ensure success in 2020, including rethinking its service delivery strategy, performing a comprehensive review of program policy to reduce complexity, establishing a Systems Modernization Plan, and developing a Human Capital Plan.

In a prior OIG report, we stated that SSA did not have a comprehensive Agency Information Infrastructure Plan to meet potential processing needs for the next 20 years or that would allow the agency to recover quickly if one or more major components of its processing infrastructure failed or was destroyed. While SSA has an Information Technology (IT) planning process, the process is decentralized, and SSA officials agreed that it needed to be strengthened. In another

report, we concluded SSA did not have a long-term customer service delivery plan. We noted that SSA must develop such a plan that serves as a roadmap for ensuring the agency is technologically and structurally prepared with appropriate staff to operate its program in the future.

Issue #2: Improve Customer Service

Many factors challenge SSA's ability to provide quality customer service to the public, including budget constraints, growing workloads, changing customer expectations, an aging workforce, and shifting demographics. Each day, over 179,000 people visit SSA field offices and more than 445,000 people call the agency for a variety of services, such as filing a claim, updating information, and asking questions. SSA is also receiving increasing numbers of claims. The agency completed approximately 3.2 million disability claims and 5 million retirement and survivor and Medicare claims in FY 2012.

The projected retirement of its employees continues to present a challenge to SSA's customer service capability. SSA estimates that 45 percent of its employees, including 60 percent of its supervisors, will be eligible to retire by FY 2020. This loss of institutional knowledge may adversely affect SSA's ability to deliver the quality service the public expects. SSA also stated that the current level of funding would lead to a loss of employees.

Technology is rapidly changing and the public expects to complete more business online. At the same time, the Nation is becoming more diverse. As SSA enhances its service delivery strategies, it must consider the increasing multilingual and multicultural population it serves. In FY 2012, SSA published its Customer Service Plan, which outlines its strategy to improve service delivery quality, speed, and efficiency. The plan highlights SSA's video hearings initiative, which uses technology to minimize costs and expand customer access. Along with video technology, the agency plans to improve its telephone and walk-in services, enhance online services, and enhance security for Internet access to personalized information.

Telephone Services: In FY 2012, SSA lost over 1,600 employees. Consequently, the agency projected its national 800 number service would deteriorate significantly and busy signals rose from 3 percent in FY 2011 to 4.6 percent in FY 2012. The average speed to answer also increased from 180 seconds in FY 2011 to 294 seconds in FY 2012. Additionally, SSA estimates it will be unable to complete all its post-entitlement work, which could result in improper payments and delays in collecting overpayments. SSA serves nearly 60 million people per year over the telephone. SSA is replacing its national 800-number infrastructure with a new system. The new technology will help eliminate lengthy navigation menus, better forecast call volumes, anticipate staffing needs, and distribute incoming calls across the network so callers reach an agent more quickly.

Online Services: One of SSA's priorities is to provide the public more service options through a wide range of online services. In FY 2012, SSA released an online Spanish retirement application and a new online version of the Social Security Statement, which provides workers access to their Social Security earnings and benefit information. SSA also enhanced electronic services for claimant representatives, such as improving the online appeals application. Further, starting in April 2012, individuals applying for disability benefits were able to electronically sign and submit an authorization to disclose medical information, helping process claims faster.

Video Services: SSA is expanding video services for individuals living in rural areas or places without public transportation. Video services enable the agency to provide service at such sites as hospitals, libraries, community centers, American Indian Tribal centers, and homeless shelters. Video services also increase service availability and help reduce travel costs.

Direct Deposit: SSA uses direct deposit for 94 percent of Social Security benefits and 83 percent of SSI payments. In October 2011, we began tracking allegations that indicated individuals other than the beneficiaries or their representatives had redirected benefit payments away from the beneficiaries' bank accounts. As of the end of FY 2012, we had received over 22,000 reports concerning direct deposit changes to a Social Security beneficiary's record. In response, SSA has moved from a monthly to a weekly review of direct deposit integrity reviews.

Representative Payment Program: Providing oversight to ensure representative payees properly manage the Social Security benefits of vulnerable beneficiaries is a critical customer service performed by SSA. SSA appoints representative payees to receive and manage the benefits of beneficiaries who are incapable of managing or directing the management of their finances because of age, mental, or physical impairment. We continue finding problems with representative payees who do not properly use and account for benefits. Additionally, we identified large-volume, fee-for-service representative payees who did not always have the resources, procedures, and controls in place to fulfill their representative payee responsibilities.

SSA piloted a new program in FY 2012 to ensure individuals convicted of committing or attempting to commit certain crimes do not serve as a representative payee. To increase the number of representative payees who submit timely wage reports, the agency mailed notices to certain representative payees for working SSI recipients and encouraged the representative payees to report wages via an automated telephone wage reporting system. Further, SSA stated it issued reminders to its employees to follow representative payee program policy, and agreed to work with problem payees to correct deficiencies identified during audits.

Issue #3: Improve the Timeliness and Quality of the Disability Process

SSA needs to address millions of initial disability and reconsideration claims and it continues to have backlogs of initial disability claims and continuing disability reviews (CDR). Over the past 2 years, SSA has received a large influx of initial and reconsideration claims. According to SSA, over 3.3 million initial and 853,000 reconsideration claims were received in FY 2011, and about 3.2 million initial and over 832,000 reconsideration claims were received in FY 2012. In addition, SSA has a large number of initial claims pending completion. In 2012, SSA had approximately 708,000 initial disability claims pending, compared to the 759,000 initial disability claims that were pending at the end of FY 2011. SSA also had a backlog of 1.2 million medical CDRs at the end of FY 2012.

In addition to increased receipts, some DDSs are facing high attrition rates, hiring freezes, and employee furloughs, all of which affect SSA's ability to process the disability workload. With hiring freezes, DDSs are not allowed to replace the lost staff. As of September 2012, five States were still furloughing DDS employees.

In November 2010, SSA released its *Strategy to Address Increasing Initial Disability Claim Receipts* (Strategy) to reduce the initial claims backlog to a pre-recession level by FY 2014. The multi-year Strategy includes:

- increasing staffing in the DDS and Federal disability processing components;
- improving efficiency through automation;
- expanding the use of screening tools to assist in identifying claims likely to be allowed; and
- refining policies and business processes to expedite case completion.

As part of the Strategy, SSA provided funding for States to hire additional DDS employees. SSA also created centralized units, called Extended Service Teams, in four States, which assist by taking claims from those States with the highest pending levels. SSA also increased staffing levels in the Federal disability processing components that support the DDSs. SSA hired more than 2,600 DDS employees in FYs 2009 and 2010. However, in FY 2011, SSA froze DDS hiring and did only limited critical hiring in FY 2012. As a result, SSA lost approximately 1,200 DDS employees in FY 2011 and about 1,000 additional DDS employees in FY 2012. With the loss of DDS employees and a high level of initial disability claims receipts anticipated in FY 2013, SSA does not expect to achieve its initial claims pending level goal of 525,000 by FY 2014. In fact, in FY 2013, SSA expects that pending initial disability claims will rise.

The agency is developing a Disability Case Processing System (DCPS), which is one common system that will replace the 54 different existing systems that support the DDSs. DCPS will integrate case analysis tools and health IT. Per SSA, it will provide consistent case processing abilities between the DDSs, which should have a positive effect on processing times and the consistency of disability decisions.

Issue #4: Improve Transparency and Accountability

SSA faces a number of challenges ensuring accountability, including concerns over its internal controls, systems security, and administrative cost allocations. SSA continues to lack a full set of performance indicators that measure whether the agency is meeting all its strategic goals.

There have been a number of efforts to make Federal agencies more transparent and accountable. The *Chief Financial Officers Act of 1990* (Pub. L. No. 101-576) provides for the production of complete, reliable, timely, and consistent financial information for use by the executive branch of the Government and Congress in the financing, management, and evaluation of Federal programs. The *Government Performance and Results Act of 1993* (GPRA) (Pub. L. No. 103-62) and the *GPRA Modernization Act of 2010* (Pub. L. No. 111-352) seek to improve Federal program effectiveness and public accountability by focusing on results, service quality, and customer satisfaction. More recently, the Office of Management and Budget (OMB) issued the Open Government Directive, which requires Federal agencies to improve the quality of Government information, publish Government information online, create and institutionalize a culture of open Government, and create an enabling policy framework for open Government.

SSA has taken steps to implement the Open Government Directive, which is focused on increasing transparency within the Government. SSA released its first Open Government Plan in

2010 and an updated Plan in 2012. SSA also released 41 different datasets on Data.gov, which are accessible by the public.

In the FY 2012 Independent Auditor's Report, the auditors reported a material weakness and a significant deficiency in internal control related to monitoring activities and overall control environment, and information security. Specifically, the Auditors reported a material weakness on Information System Controls. Audit testing identified weaknesses in SSA's entity wide security program; access controls; and compensating controls. The Auditors reported a significant deficiency on Benefit Payment Oversight. Audit testing identified weaknesses in SSA's monitoring and control environment over benefit payments.

Monitoring Activities and Overall Control Environment: The agency faces a challenge in monitoring its activities and the overall control environment, that can be summarized into two categories—lack of timeliness and lack of appropriate documentation. SSA lacked timeliness in completion of quality review feedback forms, follow-up on Comprehensive Integrity Reviews, Process System Reviews, and consideration and resolution of prior year audit findings. SSA's lack of appropriate documentation includes areas of disability reviews, various approvals for certain transactions, and overpayment detection and associated waivers. Many of these areas are recurring issues that have accumulated over the past three Financial Statement Audits. However, there has not been meaningful improvement in resolving the issues.

Information Security: For the past 2 years, the auditor reported a significant deficiency in SSA's internal control over information security in its *Opinion on Management's Assertion about the Effectiveness of Internal Control*. For FY 2012, the auditors escalated the deficiency and determined there was a material weakness in internal controls related to information security in the areas of monitoring, logical access, and configuration controls. Specifically, SSA lacked monitoring controls related to policy on configuration of information; policy on content on SSA's Intranet Webpage; and high-risk programs operating on the mainframe. In addition, SSA lacked appropriate controls to identify high-risk programs; prevent programmer access to the production environment; and create a comprehensive profile and access recertification program. Lastly, the vulnerability testing conducted by the agency was determined to be insufficient for the identification of critical weaknesses in the IT environment.

Administrative Cost Allocation: We also believe SSA can bring greater accountability to its administrative cost allocation (CAS). CAS has certain risks that SSA needs to address to ensure it provides viable calculations of SSA's administrative costs. For example, SSA had not updated the CAS cost allocation methodology in over 30 years to account for changes in business processes, system technology, or Federal accounting standards. The failure to periodically revisit and update the cost allocation methodology could result in costing assumptions and cost factors that are no longer valid or accurate.

Issue #5: Invest in Information Technology Infrastructure to Support Current and Future Workloads

SSA faces the challenge of how best to use technology to meet its increasing workloads with limited budgetary and human resources. SSA will not be able to manage its current and future workloads without the proper IT infrastructure. The agency uses a variety of technologies,

including telephone service, the Internet, and videoconferencing to deliver service to its customers. We have concerns regarding the agency's IT physical infrastructure; logical access controls and security of sensitive information; development of electronic services, and strategic IT planning.

SSA's primary IT investment over the next few years is the replacement of the NCC. Increased workloads and growing telecommunication services have strained the NCC's ability to support the agency's business. However, SSA has projected that its new facility will not be operational until 2016. SSA has taken steps to address its IT infrastructure challenge. The agency continues taking actions to address the NCC's sustainability through 2016 by conducting recurring inspections of its infrastructure.

SSA's FY 2009, 2010, and 2011 Financial Statement Audits identified a significant deficiency in the agency's control of access to its sensitive information. For example, SSA did not consistently comply with policies and procedures to periodically reassess the content of security access given to its employees and contractors. The FY 2012 Financial Statement Audit raised the deficiency to a material weakness in internal control related to information security in the areas of monitoring, logical access, and configuration controls.

Recently, SSA stated that it issued and implemented several policies and procedures related to logical access controls and the security of sensitive information. In addition, SSA stated that it has implemented a Web-based tool for automating SSA's review process for access to sensitive information. Finally, SSA stated that it assembled a workgroup to address the material weakness identified in the FY 2012 financial statement audit.

SSA must find ways to expand easy-to-use and secure electronic services for its customers. In FY 2012, the agency planned to increase the percentage of claims filed online to 42 percent. At the end of FY 2012, 44 percent of claims were filed electronically. In FY 2013, the agency plans to increase its online filings to 48 percent. To address this challenge and reduce the workload in field offices, SSA offers 30 electronic services. In May 2012, SSA introduced a new Internet process to register and authenticate members of the public who wish to use the agency's online applications, such as Ready Retirement, replacement SSN cards, and other automated services.

It is crucial for SSA to ensure its IT investments are properly guided by its strategic planning and investment control processes to help ensure the agency receives the full functionality and cost savings as expected and prevents duplication of efforts or waste. SSA must develop and maintain an Information Resources Management (IRM) Strategic Plan that supports the Agency's Strategic Plan. In addition, the strategic IT planning process should drive performance improvements to save money and avoid cost through collaboration, reuse, productivity enhancements, and elimination of redundancy. Our prior audit work in this area found that although SSA had a 5-year IRM plan, SSA's IT planning process only spans 2 years. In addition, the IRM did not provide a clear IT blueprint, define IT resource requirements, and address all critical future challenges. Furthermore, SSA did not have a strategic plan to convert its legacy application programs to a more modernized programming language.

Issue #6: Reduce Improper Payments and Increase Overpayment Recoveries

Workers, employers, and taxpayers who fund SSA's programs deserve to have their tax dollars effectively managed. As a result, SSA must be a responsible steward of the funds entrusted to its

care and minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs, some payment errors will occur. SSA is responsible for issuing over \$700 billion in benefit payments annually to about 60 million people. Given the large overall dollars involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in over- or underpayments.

In November 2009, the President issued Executive Order 13520 on reducing improper payments; and in March 2010, OMB issued guidance for implementing it. Also, in July 2010, the Improper Payment Elimination and Recovery Act (IPERA) was enacted. OMB issued guidance on implementing IPERA in April 2011. As a result, all agencies with high-risk programs—those with significant improper payments—are required to intensify their efforts to eliminate payment errors. OMB designated SSA's programs as high-risk. Once SSA determines an individual has been overpaid, it must recover any overpayment. SSA uses a variety of methods to collect the debt related to overpayments. However, SSA reported that the percent of debt (for example, overpayments) collected decreased from FY 2011 to FY 2012. Additionally, the percent of debt collected in FY 2012 is lower than the percent collected in each of the previous four fiscal years.

One of the major causes of improper payments in the Old-Age, Survivor, and Disability Insurance Program is benefit computation errors. SSA has developed automated tools to address the more troublesome computation issues. Another major cause of improper payments in the SSI program is recipients' failure to provide accurate and timely reports of new or increased wages. In response, SSA developed a monthly wage reporting system incorporating touch-tone and voice-recognition telephone technology. SSA also implemented its Access to Financial Institutions project to reduce SSI payment errors by identifying undisclosed financial accounts with balances that place recipients over the SSI resource limit.

The CDR is a powerful tool for reducing improper payments. Through completion of CDRs, SSA periodically verifies that individuals are still disabled and eligible for disability payments. Available data indicate that SSA saves about \$9 for every \$1 spent on CDRs, including Medicare and Medicaid program effects.

Issue #7: Reduce the Hearings Backlog and Prevent its Recurrence

SSA's first goal in its FY 2008-2013 *Agency Strategic Plan* was to "...eliminate our hearings backlog and prevent its recurrence." SSA has directed increased resources to improve hearing timeliness and process more hearings. Since FY 2008, average processing time dropped by about 31 percent, and administrative law judge (ALJ) productivity increased from 2.30 dispositions per day per ALJ to 2.41. While timeliness and ALJ productivity have improved, an increased number of applicants has led to an increase in the hearings backlog. By the end of September 2012, the backlog stood at about 817,000 cases, an increase of almost 30,000 cases since the start of the fiscal year. In the *Agency Strategic Plan Fiscal Years 2008-2013*, SSA established a goal to reduce the pending cases to about 466,000 and average processing time to 270 days.

We noted that the agency could still take additional steps to expand its use of video hearings, by placing video teleconferencing equipment into field offices, law offices, and government sites. In addition, the relocation of unused equipment and expanded use of desktop video units could

increase the available capacity of video hearings. To eliminate the backlog and prevent its recurrence, the agency has used automation and implemented a number of business processes to increase adjudicatory capacity and efficiency. One of these initiatives, the video-only National Hearing Centers (NHC), is designed to reduce case processing time by increasing adjudicatory capacity and efficiency with a focus on an electronic hearings process. NHCs provided the agency with additional flexibility by transferring older cases from some of the most heavily backlogged hearing offices, thereby reducing their backlogs and processing times. However, NHCs face their own challenges, including lack of video capacity at claimant locations, scheduling difficulties, and claimants' reluctance to participate in video hearings.

Various obstacles impact the hearing office staff's ability to schedule hearings in a timely manner. Most notably, staff cited claimant representative availability as the greatest obstacle for timely scheduling hearings. To a lesser degree, hearing office staff cited ALJ availability as another key obstacle. Congress continues to express concerns about ALJ adherence to the agency's policies and procedures while demonstrating good stewardship of taxpayer dollars. In our February 2012 report, *Oversight of Administrative Law Judge Workload Trends*, we identified ALJs who were significant outliers in terms of their productivity or decisional allowance rates and noted the agency needed to ensure outlier ALJs were monitored and their underlying work processes were periodically reviewed.

The agency continues to implement the Commissioner's plan to eliminate the backlog by:

- expanding the list of diseases and conditions covered under compassionate allowances;
- increasing adjudicatory capacity through additional hiring and the use of senior attorney adjudicators;
- reducing the volume of aged cases in the hearings pipeline; and
- improving hearing efficiency with automation and improved business processes, such as the expansion of video hearings.

In FY 2012, SSA hired 147 new ALJs and adjudicated approximately 37,000 cases using the senior attorney adjudication program. The agency held almost 154,000 video hearings nationwide in the fiscal year, an increase of almost 24,000 video hearings when compared to FY 2011.

Issue #8: Strengthen the Integrity and Protection of the Social Security Number

In FY 2012, SSA processed applications for approximately 5.5 million original and 11 million replacement SSN cards, and recorded approximately \$585 billion in employment taxes related to earnings under assigned SSNs. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring SSN integrity and eligible individuals receive the full benefits due them.

The SSN is heavily relied on as an identifier and is valuable as an illegal commodity. Accuracy in recording workers' earnings is critical because SSA calculates future benefit payments based on the earnings an individual accumulates over his/her lifetime. As such, properly assigning SSNs only to those individuals authorized to obtain them, protecting SSN information once the

agency assigns the numbers, and accurately posting the earnings reported under SSNs are critical SSA missions. We remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States, as well as the misuse of children's SSNs for work and identity theft purposes.

To its credit, SSA has implemented numerous improvements in its SSN assignment, or enumeration process. However, given the preponderance of SSN misuse and identity theft, we continue to believe protection of this critical number is a considerable challenge for SSA, as well as its millions of customers. Unfortunately, once SSA assigns an SSN, it has no authority to control the collection, use, and protection of these numbers by other entities. Our audit and investigative work have shown that the more SSNs are unnecessarily used, the higher the probability that they could be used to commit crimes throughout society. The Federal Trade Commission estimated that as many as 9 million Americans have their identities stolen each year. SSA's recent improvements include implementing a pilot study in three SSA offices and one card center in which applicants must provide stringent, more reliable identity documents before obtaining an SSN Printout. Additionally, the agency is implementing improved monitoring tools to track the SSN Printout workload.

The SSNs of deceased individuals are also vulnerable to misuse. As such, the public release of SSA's Death Master File (DMF) raises concerns. Each DMF record usually includes a deceased individual's SSN, full name, date of birth, and date of death. The file contains about 86 million records, and it adds about 1.1 million records each year. While the DMF has important and productive uses, our investigations show that individuals can use available death data to obtain SSNs and commit fraud. To the extent possible, we believe SSA should limit public access to the DMF to only what is required by law and take all steps to ensure its accuracy.

Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. SSA's programs depend on earnings information to determine whether an individual is eligible for benefits and to calculate the amount of benefit payments. SSA spends scarce resources correcting earnings data when employers report incorrect information.

While SSA cannot control all the factors associated with erroneous wage reports, it may be able to improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, encouraging greater use of the agency's employee verification programs, and enhancing the employee verification feedback to provide employers with sufficient information on potential employee issues. SSA can also improve coordination with other Federal agencies with separate, yet related, mandates. For example, the agency needs to work with the Internal Revenue Service to achieve more accurate wage reporting.

MONETARY BENEFITS

In FY 2012, OIG issued 110 audit reports with recommendations, identifying over \$1.1 billion in questioned costs and over \$4.1 billion in Federal funds that could be put to better use. OIG also received over 135,235 allegations of fraud, effected over 1,400 criminal prosecutions, and obtained a return of over \$502 million in investigative accomplishments, comprised of over

\$103 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over \$398 million in projected SSA savings. Our FY 2014 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, and cover mission-critical travel.

STRATEGIC PLANNING

FY 2012 was the second year under OIG's 5-year Strategic Plan (FY 2011-FY 2015). OIG operates within a framework set by three general goals: the *Impact* OIG's investigations, audits, and legal activities have on SSA's effectiveness and efficiency; the *Value* OIG brings to SSA, Congress, and the public; and the strategies OIG uses to cultivate the talents of its *People*. These general goals are further broken down into 15 separate performance measures. All of these measures are designed to support OIG's core mission to inspire public confidence by detecting and preventing fraud, waste, and abuse in SSA's programs and operations. For FY 2012, OIG successfully met 15 out of 15 performance measures. The specific results for FY 2012 are as follows:

Table 4.2—2012 Performance Measure Results

Goal	Target	Result
<i>Impact</i>		
1. Maintain an annual acceptance rate of at least 88% for all audit recommendations.	88%	91%
2. Achieve a 5-year average implementation rate of 85% for accepted recommendations aimed at improving the integrity, efficiency, and effectiveness of SSA.	85%	85%
3. Ensure at least 80% of all cases opened during the FY directly relate to improper payments within SSA's Title II and Title XVI Programs.	80%	93%
4. Achieve a successful conclusion on at least 75% of all Title II and Title XVI cases closed during the FY.	75%	88%
<i>Value</i>		
5. Generate a positive return of \$8 for every tax dollar invested in OIG activities.	\$8 to 1	\$56 to 1
6. Evaluate and respond to 90% of all allegations received within 45 days.	90%	96%
7. Complete investigative fieldwork on 75% of all cases within 180 days.	75%	92%
8. Respond to 95% of constituent-based congressional inquiries within 21 days.	95 %	96%
9. Take action on 90% of Civil Monetary Penalty (CMP) subjects within 30 days of receipt.	90%	97%
10. Achieve a positive external user assessment rating of 85% for product service quality.	85%	91%
11. Issue 85% of final audit reports within 1 year of the entrance conference with SSA.	85%	89%
12. Complete 85% of requests for legal advice and review within 30 days.	85%	99%
<i>People</i>		
13. Achieve an annual attrition rate of 5% or less.	≤5 %	2%
14. Conduct an annual employee job-satisfaction survey and implement corrective action plans to identify areas where improvements are needed.	75%	78%
15. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill enhancement training annually.	90%	100%

TRANSFER AUTHORITY

The budget request includes language providing authority to transfer an amount of up to 3 percent of the total OIG appropriation from SSA's Limitation on Administrative Expenses appropriation. This language provides the flexibility to meet unanticipated funding requirements and to ensure that adequate resources are available to meet program objectives. The request is consistent with similar authority to transfer funds between appropriations provided to other departments and agencies in appropriation language.

BUDGETARY RESOURCES

The OIG annual appropriation consists of appropriations from both the general fund and the trust funds. The President's budget request for FY 2014 consists of \$30,000,000 appropriated from the general fund and \$75,733,000 which will be transferred and expended as authorized by Section 201(g) (1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

Table 4.3—Amounts Available for Obligation
(in thousands)

	FY 2012 Actual	FY 2013 Estimate - CR	FY 2014 Estimate
General Funds Annual	\$ 28,887	\$ 28,814	\$ 30,000
Trust Funds Annual	\$ 73,396	\$ 74,095	\$ 75,733
Transfer			
Total Appropriation	\$102,283	\$ 102,909	\$ 105,733
ARRA ¹	\$ 888	\$ 0	\$ 0
Total Budgetary	\$ 103,171	\$ 102,909	\$ 105,733
Total Obligations ²	\$ 102,200	\$ 102,909	\$ 105,733
Unobligated balance	\$ 971	\$ 0	\$ 0

¹ The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual ARRA obligation was \$595,000 for FY 2009; \$291,000 for FY 2010; \$226,000 for FY 2011; and \$888,000 for FY 2012. In September 2012, our Office of Audit discovered that the vendor performing work under the Recovery Act Contract had billed some services in the wrong fiscal years. This caused numbers to change in each fiscal year once the transactions were corrected in our accounting system.

² Some FY 2012 obligation expenses were inadvertently not processed until the first quarter of FY 2013 and, as a result, did not appear on the end-of-year report. After posting those expenses, the FY 2012 obligations, excluding ARRA, are \$101,727,000, and the unobligated balance was \$556,000. The planned obligations for FY 2013 and FY 2014 are \$102,909,000 and \$105,733,000 respectively.

ANALYSIS OF CHANGES

The FY 2014 request represents a \$2,824,000 increase over the FY 2013 estimate. These increases can be attributed to an increase in base expenses for employee salaries and benefits, to include the President's proposed 1 percent increase, as well as an increase in rent.

Table 4.4—Summary of Changes

	FY 2013 Estimate CR	FY 2014 Estimate	<i>FY13 to FY14 Change</i>
General Fund	\$ 28,814,000	\$ 30,000,000	+ \$ 1,186,000
Trust Fund Appropriation	\$ 74,095,000	\$ 75,733,000	+ \$ 1,638,000
Total Appropriation	\$ 102,909,000	\$ 105,733,000	+ \$ 2,824,000
ARRA (Planned)	\$ 0	\$ 0	\$ 0
Total Obligations	\$ 102,909,000	\$ 105,733,000	+ \$ 2,824,000

Table 4.5—Explanation of OIG Budget Changes

	FY 2013 Base		Change from Base	
	WYs (FTEs)	Budgetary Resources	WYs (FTEs)	Budgetary Resources
<u>BUILT-IN INCREASES</u>				
Base Payroll Expenses	576 (570)	\$ 88,807,000	+5 (5)	
• <i>Change in base payroll expenses related to career ladder promotions and within-grade increases</i>	---	---	---	+ \$ 3,287,000
• <i>Change in base expenses for employee benefits including health benefits and new employees hired under the Federal Retirement Employees System (FERS)</i>	---	---	---	+ \$ 978,000
• <i>All other payroll changes, including overtime and awards</i>	---	---	---	+0
Non-Payroll Costs - All other built-in nonpayroll changes, including ARRA, travel management support and equipment	---	\$ 8,382,000	---	
• Rent	---	\$ 5,720,000	---	+0
• CIGIE Contribution	---	\$0	---	---
Subtotal, Built-in increases	576 (570)	\$ 102,909,000	+5 (5)	+\$4,265,000
<u>PROGRAM INCREASES</u>				
Increase for operations and maintenance of facilities and equipment	---	---	---	\$ 0
Subtotal, Program Increases	---	---	---	\$ 0
Total Increases	576 (570)	\$ 102,909,000	+5 (5)	+\$4,265,000

Table Continues on the Next Page

	FY 2013 Base		Change from Base	
	WYs (FTEs)	Budgetary Resources	WYs (FTEs)	Budgetary Resources
<u>BUILT-IN DECREASES</u>				
Base Payroll Expenses —Decrease in all other payroll costs, including one less paid day	576 (570)	---	---	---
Non-Payroll Costs	---	---	---	-\$1,421,000
Rent	---	---	---	-\$20,000
CIGIE Contribution	---	\$0	---	---
Subtotal, Built-in decreases	---	---	---	-\$1,441,000
<u>PROGRAM DECREASES</u>				
Decrease in costs for training, other support, services, and supplies	---	---	---	---
Subtotal, Program Decreases	---	---	---	---
Total Decreases	---	\$0	---	- \$1,441,000
Net Change	576 (570)	\$ 102,909,000	+5 (5)	+\$ 2,824,000

BUDGET AUTHORITY BY ACTIVITY

The table below displays budget authority, split by type of funding, and obligations. This table also includes FTEs.

Table 4.6—Budget Authority by Activity
(in thousands)

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
General Funds	\$ 28,942	\$ 28,814	\$30,000
OASDI Trust Fund Transfers	\$ 73,535	\$ 74,095	\$ 75,733
Total Appropriation	\$ 102,283	\$ 102,909	\$ 105,733
ARRA ¹	\$888	\$0	0
Total Budgetary Authority	\$ 103,171	\$ 102,909	\$ 105,733
Obligations ²	\$ 102,200	\$ 102,909	\$ 105,733
Unobligated balance lapsing	\$ 971	\$ 0	\$ 0
FTEs	569	570	575

¹ The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual ARRA obligation was \$595,000 for FY 2009; \$291,000 for FY 2010; \$226,000 for FY 2011; and \$888,000 for FY 2012. In September 2012, our Office of Audit discovered that the vendor performing work under the Recovery Act Contract had billed some services in the wrong fiscal years. This caused numbers to change in each fiscal year once the transactions were corrected in our accounting system.

² Some FY 2012 obligation expenses were inadvertently not processed until the first quarter of FY 2013 and, as a result, did not appear on the end-of-year report. After posting those expenses, the FY 2012 obligations, excluding ARRA, are \$101,727,000, and the unobligated balance was \$556,000. The planned obligations for FY 2013 and FY 2014 are \$102,909,000 and \$105,733,000 respectively.

BUDGET RESOURCES BY OBJECT

The table below displays the breakdown of budget resources by object class.

Table 4.7—Budget Resources by Object

	FY 2012	FY 2013	FY 2014	<i>FY13 to FY14 Change</i>
Full-time permanent	\$ 63,179,000	\$ 63,567,000	\$ 67,288,000	+ \$ 3,721,000
Other than full-time permanent	\$ 515,000	\$ 530,000	\$ 197,000	- \$ 333,000
Other compensation	\$ 318,000	\$ 320,000	\$ 219,000	- \$ 101,000
Subtotal, Personnel Compensation	\$ 64,012,000	\$ 64,417,000	\$ 67,704,000	+ \$ 3,287,000
Civilian personnel benefits	\$ 23,988,000	\$ 24,390,000	\$ 25,368,000	+\$ 978,000
Total, Compensation and Benefits	\$ 88,000,000	\$ 88,807,000	\$ 93,072,000	+ \$ 4,265,000
Travel	\$ 3,231,000	\$ 3,260,000	\$ 2,233,000	- \$ 1,027,000
Transportation of things	\$ 54,000	\$ 60,000	\$ 60,000	\$ 0
Rental payments to GSA	\$ 5,332,000	\$ 5,370,000	\$ 5,320,000	- \$50,000
Rental payments to others	\$ 34,000	\$ 50,000	\$ 80,000	+ \$ 30,000
Communications, utilities, and others	\$ 255,000	\$ 300,000	\$ 300,000	\$ 0
Printing and reproduction	\$ 4,000	\$ 5,000	\$ 5,000	\$ 0
Other services ¹	\$ 3,046,000	\$3,472,000	\$ 3,358,000	- \$ 114,000
Supplies and materials	\$ 440,000	\$ 480,000	\$ 300,000	- \$ 180,000
Equipment	\$ 951,000	\$ 1,100,000	\$ 1,000,000	-\$ 100,000
Insurance Claims	\$4,000	\$ 5,000	\$ 5,000	\$ 0
Adjustments	\$40	\$ 0	\$ 0	\$ 0
Total Budgetary Resources	\$ 101,312,000	\$ 102,909,000	\$ 105,733,000	+ \$ 2,824,000

¹ The ARRA appropriated \$2,000,000 for activities available through FY 2012. The actual ARRA obligation was \$595,000 for FY 2009; \$291,000 for FY 2010; \$226,000 for FY 2011; and \$888,000 for FY 2012. In September 2012, our Office of Audit discovered that the vendor performing work under the Recovery Act Contract had billed some services in the wrong fiscal years. This caused numbers to change in each fiscal year once the transactions were corrected in our accounting system.

BACKGROUND

AUTHORIZING LEGISLATION

The Office of the Inspector General is authorized necessary expenses to carry out the provisions of the Inspector General Act of 1978.

Table 4.8—Authorizing Legislation

	FY 2013 Authorized	FY 2013 Estimate	FY 2014 Authorized	FY 2014 Estimate
Office of the Inspector General (P.L. 103-296)	Indefinite	\$ 102,909,000	Indefinite	\$ 105,733,000

APPROPRIATION HISTORY

The table below displays the President's budget request, amounts passed by the House and Senate, and the actual amount appropriated for the period FY 2004 to FY 2014.

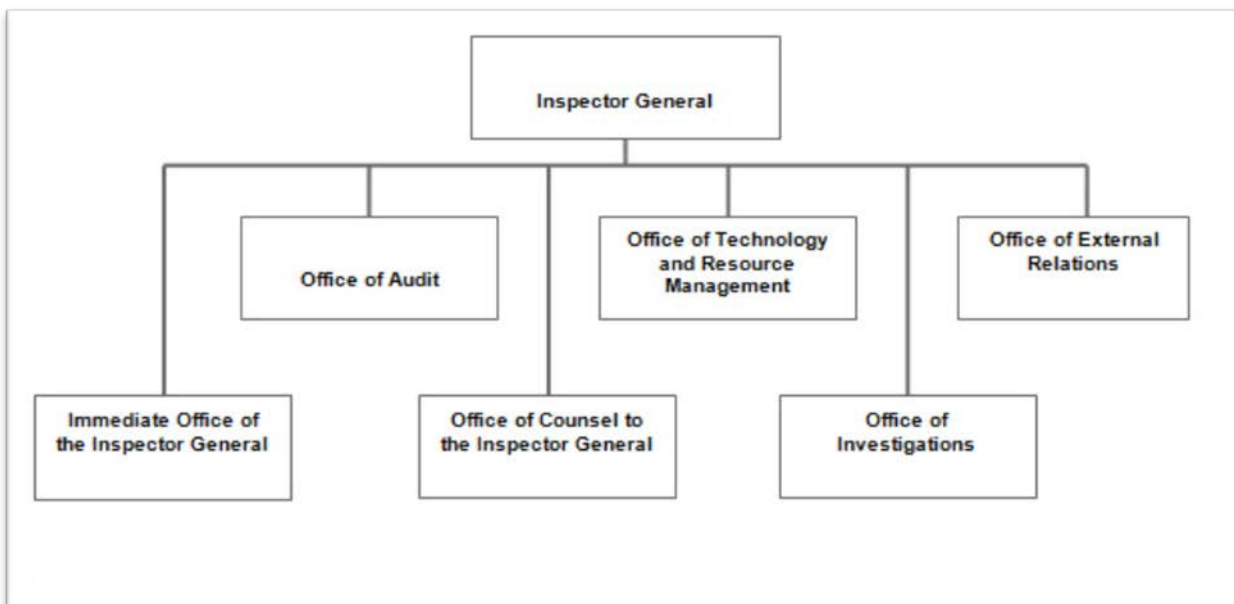
Table 4.9—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
General Funds	\$ 25,000,000	\$ 24,500,000	\$ 20,863,000	\$ 24,355,400
Trust Funds	\$ 65,000,000	\$ 63,700,000	\$ 61,597,000	\$ 63,324,200
2004 Total	\$ 90,000,000	\$ 88,200,000 ¹	\$ 82,460,000 ²	\$ 87,679,600 ³
General Funds	\$ 26,000,000	\$ 25,748,000	\$ 26,000,000	\$ 25,542,000
Trust Funds	\$ 66,000,000	\$ 65,359,000	\$ 66,000,000	\$ 64,836,100
2005 Total	\$ 92,000,000	\$ 91,107,000 ⁴	\$ 92,000,000 ⁵	\$ 90,378,100 ⁶
General Funds	\$ 26,000,000	\$ 26,000,000	\$ 26,000,000	\$ 25,740,000
Trust Funds	\$ 67,000,000	\$ 66,805,000	\$ 67,000,000	\$ 65,736,000
2006 Total	\$ 93,000,000	\$ 92,805,000 ⁷	\$ 93,000,000 ⁸	\$ 91,476,000 ⁹
General Funds	\$ 27,000,000	\$ 26,435,000	\$ 25,740,000	\$ 25,902,000
Trust Funds	\$ 69,000,000	\$ 67,976,000	\$ 65,736,000	\$ 66,149,000
2007 Total	\$ 96,000,000	\$ 94,411,000 ¹⁰	\$ 91,476,000 ¹¹	\$ 92,051,000 ¹²
General Funds	\$ 27,000,000	\$ 27,000,000	\$ 28,000,000	\$ 25,988,901
Trust Funds	\$ 68,047,000	\$ 68,047,000	\$ 68,047,000	\$ 65,926,000
2008 Total	\$ 95,047,000	\$ 95,047,000 ¹³	\$ 96,047,000 ¹⁴	\$ 91,914,901 ¹⁵
General Funds	\$ 28,000,000	--	\$ 28,000,000	\$ 28,000,000
Trust Funds	\$ 70,127,000	---	\$ 70,127,000	\$ 70,127,000
2009 Total	\$ 98,127,000	--- ¹⁶	\$ 98,127,000 ¹⁷	\$ 98,127,000 ¹⁸
ARRA ¹⁹	N/A	N/A	N/A	\$ 2,000,000
General Funds	\$ 29,000,000	\$ 29,000,000	\$ 29,000,000	\$ 29,000,000
Trust Funds	\$ 73,682,000	\$ 73,682,000	\$ 73,682,000	\$ 73,682,000
2010 Total	\$ 102,682,000	\$ 102,682,000 ²⁰	\$ 102,682,000 ²¹	\$ 102,682,000 ²²
General Funds	\$ 30,000,000	---	\$ 30,000,000	\$ 28,942,000
Trust Funds	\$ 76,122,000	---	\$ 76,122,000	\$ 73,535,000
2011 Total	\$ 106,122,000	--- ²³	\$ 106,122,000 ²⁴	\$ 102,477,000 ²⁵
General Funds	\$ 30,000,000	---	\$ 28,942,000	\$ 28,887,000
Trust Funds	\$ 77,113,000	---	\$ 73,535,000	\$ 73,396,000
2012 Total	\$ 107,113,000	--- ²⁶	\$ 102,477,000 ²⁷	\$ 102,283,000 ²⁸
General Funds	\$ 30,000,000	---	\$ 28,887,000	
Trust Funds	\$ 77,600,000	---	\$ 73,396,000	
2013 Total	\$ 107,600,000	--- ²⁹	\$ 102,283,000 ³⁰	
General Funds	\$ 30,000,000			
Trust Funds	\$ 75,733,000			
2014 Total	\$ 105,733,000			

-
- ¹ H.R. 2660.
- ² S. 1356.
- ³ Consolidated Appropriations Act, 2004 (P.L. 108-199). The \$24,500,000 in general funds and \$63,700,000 in trust funds included in the language for this account for FY 2004 were reduced by \$144,600 and \$375,800, respectively, in accordance with P.L. 108-199.
- ⁴ H.R. 5006.
- ⁵ S. 2810.
- ⁶ Consolidated Appropriations Act, 2005 (P.L. 108-447). The \$25,748,000 in general funds and \$65,359,000 in trust funds included in the language for this account for FY 2005 were reduced by \$206,000 and \$522,900, respectively, in accordance with P.L. 108-447.
- ⁷ H.R. 3010.
- ⁸ H.R. 3010, reported from Committee with an amendment.
- ⁹ Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149). The \$26,000,000 in general funds and \$66,400,000 in trust funds included in the language for this account for FY 2006 were reduced by \$260,000 and \$664,000, respectively, in accordance with the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (P.L. 109-148).
- ¹⁰ H.R. 5647.
- ¹¹ S. 3708.
- ¹² Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5).
- ¹³ H.R. 3043.
- ¹⁴ S. 1710.
- ¹⁵ Consolidated Appropriations Act, 2008 (P.L. 110-161). The \$26,451,000 in general funds and \$67,098,000 in trust funds included in the language for this account for FY 2008 were reduced by \$462,099 and \$1,172,000 respectively, in accordance with P.L. 110-161.
- ¹⁶ The House Committee on Appropriations did not report a bill.
- ¹⁷ S. 3230.
- ¹⁸ Omnibus Appropriations Act, 2009 (P.L. 111-8).
- ¹⁹ OIG received \$2,000,000 through the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). OIG will conduct necessary oversight and audit of SSA programs, projects, and activities, assessing whether SSA used the resources as intended by the Act, and will identify any instances of fraud, waste, error, and abuse.
- ²⁰ H.R. 3293.
- ²¹ H.R. 3293, reported from Committee with an amendment.
- ²² Consolidated Appropriations Act, 2010 (P.L. 111-117).
- ²³ The House Committee on Appropriations did not report a bill.
- ²⁴ S. 3686.
- ²⁵ Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). The \$29,000,000 in general funds and \$73,682,000 in trust funds included in the language for this account for FY 2011 were reduced by \$58,000 and \$147,000 respectively, in accordance with P.L. 112-10.
- ²⁶ The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included \$30,000,000 from general funds and \$77,113,000 from trust funds, totaling \$107,113,000.
- ²⁷ S. 1599.
- ²⁸ Consolidated Appropriations Act, 2012 (P.L. 112-74). The \$28,942,000 in general funds and \$73,535,000 in trust funds included in the language for this account for FY 2012 were reduced by \$55,000 and \$139,000 respectively, in accordance with P.L. 112-74.
- ²⁹ The House Committee on Appropriations did not report a bill. The Committee posted a draft bill which included \$28,887,000 from general funds and \$77,600,000 from trust funds, totaling \$106,487,000.
- ³⁰ S. 3295.

OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

GENERAL PURPOSE



As mandated by the *Inspector General Act of 1978*, as amended, OIG's mission is to protect the integrity of SSA's programs. By conducting independent and objective audits, evaluations and investigations, OIG works to ensure public confidence in the integrity and security of SSA's programs and operations and works to protect them against fraud, waste, and abuse. OIG provides timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

OIG is comprised of six components: The Immediate Office of the Inspector General (IO), Office of Audit (OA), Office of Counsel to the Inspector General (OCIG), Office of Technology and Resource Management (OTRM), Office of Investigations (OI), and the Office of External Relations (OER).

Immediate Office of the Inspector General

IO provides the Inspector General (IG) and the Deputy Inspector General with staff assistance on the full range of their responsibilities. IO also administers a comprehensive Quality Assurance and Professional Responsibility program, and conducts Quality Control reviews that ensure the adequacy of OIG compliance with its policies and procedures, internal controls, and professional standards. In addition, IO oversees the Organizational Health Committee (OHC). The purpose of the OHC is to be an agent of positive change by discussing, evaluating, and presenting to senior management employee issues and proposed solutions that affect the operations,

administration, and efficiency of OIG. In doing this, the committee acts as a representative of all OIG employees.

Office of Audit

OA conducts and/or supervises comprehensive financial and performance audits of SSA's programs and operations and makes recommendations to ensure that program objectives and operational functions are achieved effectively and efficiently. Financial audits, required by the *Chief Financial Officers' Act of 1990*, assess whether SSA's financial statements fairly present the agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program and operational fraud, waste, and abuse, as well as inefficiency and ineffectiveness.

Office of Counsel to the Inspector General

OCIG provides independent authoritative legal advice, guidance, and counsel to the IG and senior staff on a wide range of issues, including regulatory strategy, policy directives, and interpretation of new and emerging authorities and agency responsibilities. OCIG reviews materials to ensure sufficiency and compliance with regulatory and statutory requirements. OCIG advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. OCIG is also responsible for the CMP program, including imposition of penalties and assessments and the settlement and litigation of CMP cases.

Office of Technology and Resource Management

OTRM provides administrative and management support to OIG by providing information resource management; systems security and software development; and the coordination of budget, procurement, telecommunications, facilities, equipment, and human resources activities. OTRM also administers the Fugitive Felon Program and the OIG Fraud Hotline. In addition, OTRM is responsible for strategic planning, organizational performance management, and reporting.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations, including wrongdoing by individuals such as applicants, grantees, or contractors perpetrating criminal activity against SSA programs and operations. OI is responsible for managing the Digital Forensics Team. OI also investigates allegations of employee misconduct in the performance of their official duties. This office serves as the OIG liaison to the Department of Justice on all matters relating to investigations of SSA programs and personnel. OI works with other investigative agencies and organizations on special projects and assignments.

Office of External Relations

OER manages OIG's public affairs programs, develops OIG's media and public information policies, and serves as the primary contact for those seeking information about OIG. OER responds to inquiries from the media and the public and prepares OIG publications and presentations for internal and external organizations. OER coordinates interagency activities as well as OIG participation in SSA and other Federal events. OER also coordinates input on pending and proposed legislation, and prepares congressional correspondence and testimony.

RATIONALE FOR THE BUDGET REQUEST

The budget request for FY 2014 is \$105,733,000 and 575 FTEs, which reflects an increase of \$2,824,000 from the FY 2013 annual appropriations level. The FY 2014 funding increase will provide funding for a 575 FTE staffing level, mandatory payroll increases (such as within-grade increases and benefit-rate increases) and for related support costs.

Table 4.10—Detail of Full-Time Equivalent Employment and Workyears

	FY 2012 Actual	FY 2013 Estimate	FY 2014 Estimate
FTEs	569	570	575
Overtime/Lump Sum Leave	4	6	6
Total	573	576	581

Table 4.11—Average Grade and Salary

	FY 2012 Actual
Average ES Salary	\$ 169,400
Average GS Grade	13
Average GS Salary	\$ 98,700

ANNUAL PERFORMANCE PLAN FOR FISCAL YEAR 2014



AND
REVISED FINAL PERFORMANCE PLAN FOR FISCAL YEAR 2013

APRIL 2013

Our Values

Our Mission

Deliver Social Security services that meet the changing needs of the public

Our Vision

Provide the highest standard of considerate and thoughtful service for generations to come

Our Motto

Social Security Benefits America

Our Service Principles

We serve with empathy, creativity, integrity, and “an unbeatable determination to do the job at hand” by following these service principles:

Adherence to the law

Clarity

Commitment to best demonstrated practices

Cultural sensitivity

Honesty

Prevention of waste, fraud, and abuse

Protection of privacy and personal information

Recruitment and training of the best public servants

Safety of the public and our employees

Summary of Our Goals and Objectives

Deliver Quality Disability Decisions and Services

Reduce the Wait Time for Hearing Decisions and Eliminate the Hearings Backlog

Improve Our Disability Policies, Procedures, and Tools

Expedite Cases for the Most Severely Disabled Individuals

Provide Quality Services to the Public

Increase the Use of Our Online Services

Increase Public Satisfaction with Our Telephone Services

Expand the Use of Video Services

Improve the Clarity of Our Notices

Preserve the Public's Trust in Our Programs

Increase Efforts to Accurately Pay Benefits

Recover Improper Payments

Maintain Accurate Earnings Records

Make Our Administrative Operations Even More Efficient

Strengthen Our Workforce and Infrastructure

Strengthen Our Workforce – Recruit, Train, Develop, and Retain Superior Employees

Maintain Secure and Reliable Information Technology Services

Increase Efficiency of Our Physical Infrastructure

Our Organization

Our current organization is comprised of over 80,000 Federal and State employees. We deliver services through a nationwide network of about 1,500 offices that include regional offices, field offices (including Social Security Card Centers), teleservice centers, processing centers, hearing offices (including satellite offices and National Hearing Centers), the Appeals Council, and our headquarters in Baltimore, Maryland. We also have a presence in several United States embassies around the globe.

Our field offices and Social Security Card Centers are the primary points of contact for in-person interaction with the public. Our teleservice centers primarily handle telephone calls to our National 800 Number. Employees in our processing centers primarily handle Social Security retirement, survivors, and disability payments, but also perform a wide range of other functions, which include answering telephone calls to our National 800 Number. We depend on State employees in 54 State and territorial Disability Determination Services (DDS) to make disability determinations. The administrative law judges (ALJ) in our hearing offices and the administrative appeals judges in our Appeals Council make decisions on appeals of denied Social Security and Supplemental Security Income (SSI) claims. The vast majority of our employees provide direct service to the public or provide support to those who do. For more information about our components and their functions, visit our current [organizational structure webpage \(www.socialsecurity.gov/org\)](http://www.socialsecurity.gov/org).

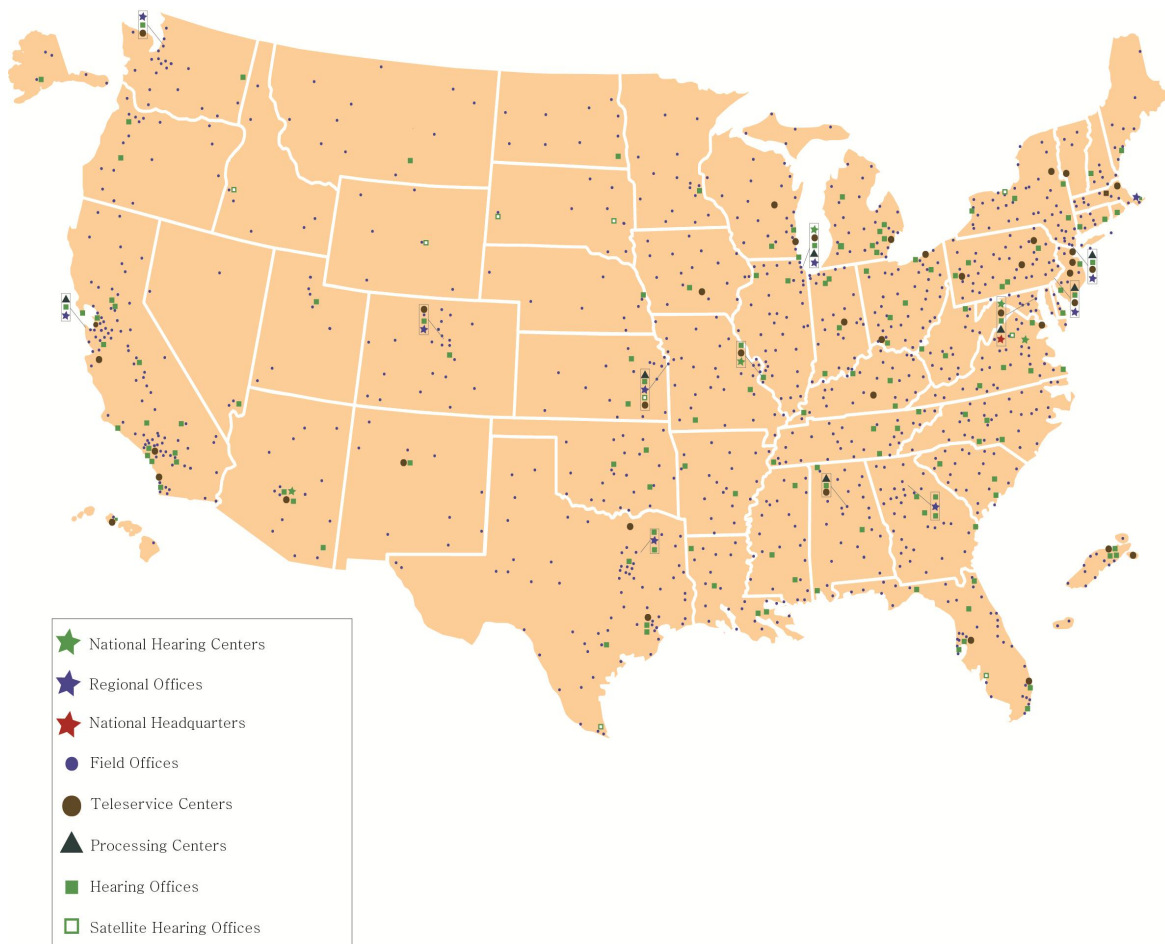


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Performance Measures at a Glance

The following chart lists our performance measures and targets for fiscal years (FY) 2013 and 2014. We use these performance measures to gauge our progress in meeting our strategic goals and objectives outlined in our [Agency Strategic Plan \(ASP\)](http://www.socialsecurity.gov/asp/plan-2013-2016.pdf) (<http://www.socialsecurity.gov/asp/plan-2013-2016.pdf>).

STRATEGIC GOAL 1: Deliver Quality Disability Decisions and Services					
Strategic Objective 1.1: Reduce the Wait Time for Hearing Decisions and Eliminate the Hearings Backlog					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
1.1a	Complete the budgeted number of hearing requests	836,000	807,000	DCDAR	13
1.1b	Achieve the budgeted goal for SSA hearing case production per workyear	112	114	DCDAR	14
1.1c	Minimize average wait time from hearing request to decision	~380 days (September Only)	~387 days (September Only)	DCDAR	14
1.1d	Eliminate the oldest pending hearing requests	Less than 0.5% of pending hearing requests 700 days or older	Less than 0.5% of pending hearing requests 675 days or older	DCDAR	15
1.1e	Reduce the percentage of Appeals Council cases pending 365 days or over	19% or fewer	18% or fewer	DCDAR	15

STRATEGIC GOAL 1: Deliver Quality Disability Decisions and Services					
Strategic Objective 1.2: Improve Our Disability Policies, Procedures, and Tools					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
1.2a	Minimize average wait time for initial disability claims	107 days	120 days	DCO	19
1.2b	Complete the budgeted number of initial disability claims	2,970,000	2,851,000	DCO	20
1.2c	Disability Determination Services (DDS) cases production per workyear	318	320	DCO	20
1.2d	Complete the budgeted number of disability claims at the reconsideration level	803,000	725,000	DCO	21
1.2e	Achieve the target number of initial disability claims pending	796,000	910,000	DCO	21
1.2f	Achieve the target number of disability claims pending at the reconsideration level	179,000	208,000	DCO	22
1.2g NEW	Minimize average wait time for reconsideration disability claims	N/A	TBD	DCO	22
1.2h	Update the medical Listing of Impairments	Develop and submit at least five rules for public comment, three final rules, and three Social Security Rulings	Develop and submit at least five rules for public comment, five final rules, and three Social Security Rulings	DCRDP	23
1.2i	Increase the percentage of disability cases evaluated using health Information Technology (IT)	200% above FY 2012 performance	200% above FY 2013 performance	DCS	23
1.2j	Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned and in use, who work	136,401	139,129	DCRDP	24
1.2k	DDS decisional accuracy rate for initial disability decisions	97%	97%	DCO	24
Strategic Objective 1.3: Expedite Cases for the Most Severely Disabled Individuals					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
1.3a	Achieve the target percentage of initial disability cases identified as Quick Disability Determinations or Compassionate Allowances	6.0% (September Only)	6.1% (September Only)	DCRDP	26

STRATEGIC GOAL 2:					
Provide Quality Services to the Public					
Strategic Objective 2.1: Increase the Use of Our Online Services					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
2.1a	Increase the percentage of claims filed online	48% (Last Quarter Only)	48% (Last Quarter Only)	DCO	30
2.1b	Complete the budgeted number of retirement, survivors, and Medicare claims	5,269,000	5,402,000	DCO	31
Strategic Objective 2.2: Increase Public Satisfaction with Our Telephone Services					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
2.2a	Achieve the target speed in answering National 800 Number calls	455 seconds	482 seconds	DCO	33
2.2b	Achieve the target busy rate for National 800 Number calls	10%	10%	DCO	34
2.2c	Maintain the percent of people rating our services as “excellent,” “very good,” or “good”	83.5%	83.5%	DCQP	35
Strategic Objective 2.3: Expand the Use of Video Services					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
2.3a	Complete the planned number of video hearings	154,000	169,000	DCDAR	37
Strategic Objective 2.4: Improve the Clarity of Our Notices					
There is no performance measure for this objective.					

STRATEGIC GOAL 3:					
Preserve the Public's Trust in Our Programs					
Strategic Objective 3.1: Increase Efforts to Accurately Pay Benefits					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
3.1a	Complete the budgeted number of Supplemental Security Income (SSI) non-disability redeterminations	2,622,000	2,622,000	DCO	43
3.1b	Complete the budgeted number of full medical continuing disability reviews	650,000	1,047,000	DCO DCQP	44
3.1c	Percent of SSI payments free of overpayment (O/P) and underpayment error (U/P)	95.0% (O/P) 98.8% (U/P)	95.0% (O/P) 98.8% (U/P)	DCQP	45
3.1d	Percent of Old-Age, Survivors, and Disability Insurance (OASDI) payments free of O/P and U/P error	99.8% (O/P) 99.8% (U/P)	99.8% (O/P) 99.8% (U/P)	DCQP	46
Strategic Objective 3.2: Recover Improper Payments					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
3.2a	Expand and enhance our debt collection tools	Send 180,000 OASDI and SSI External Collection Operation notices to debtors with debts 10 years or more delinquent	Send 180,000 OASDI and SSI External Collection Operation notices to debtors with debts 10 years or more delinquent	DCBFM	48
Strategic Objective 3.3: Maintain Accurate Earnings Records					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
3.3a	Reduce the percentage of paper Forms W-2 completed	13.0%	12.0%	DCO	51
3.3b	Achieve the target percentage for correctly assigning original Social Security numbers	99.0%	99.0%	DCO	51
Strategic Objective 3.4: Make Our Administrative Operations Even More Efficient					
There is no performance measure for this objective.					

STRATEGIC GOAL 4:					
Strengthen Our Workforce and Infrastructure					
Strategic Objective 4.1: Strengthen Our Workforce – Recruit, Train, Develop, and Retain Superior Employees					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
4.1a	Recruit and hire veterans and disabled veterans	Veteran Hiring: 18% of total hiring Disabled Veteran Hiring: 15% of total hiring	Veteran Hiring: 18% of total hiring Disabled Veteran Hiring: 15% of total hiring	DCHR	57
4.1b	Employ individuals with targeted disabilities	2.00%	2.00%	DCHR	58
4.1c	Conduct mandatory employee training on diffusing difficult encounters with the public	Complete development of the safety and security training curriculum and finalize training products	Train 100% of employees	DCBFM	58
Strategic Objective 4.2 Maintain Secure and Reliable Information Technology Services					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
4.2a	Percentage of enterprise-wide systems availability	99.50%	99.50%	DCS	61
Strategic Objective 4.3 Increase Efficiency of Our Physical Infrastructure					
Performance Measure		FY 2013 Target	FY 2014 Target	Responsible Official	Page
4.3a	Reduce energy intensity by 30 percent by 2015	7% reduction from FY 2003	10% reduction from FY 2003	DCBFM	63

STRATEGIC GOAL 1:

Deliver Quality Disability Decisions and Services

TO ACHIEVE THIS GOAL WE WILL

- Reduce the Wait Time for Hearing Decisions and Eliminate the Hearings Backlog
- Improve Our Disability Policies, Procedures, and Tools
- Expedite Cases for the Most Severely Disabled Individuals

For over 50 years, we have helped disabled workers and their families replace income lost due to a severe disability. Over the last five years, our disability workloads have grown significantly, due in part to baby boomers reaching their disability-prone years and an economic downturn coupled with high unemployment.

Since fiscal year (FY) 2007, initial disability claim receipts have increased by 25 percent. In FY 2012, we received nearly 3.2 million initial disability applications. We anticipate receiving about 3 million initial disability applications in both FY 2013 and FY 2014.

In FY 2012, we received nearly 50 percent more hearing receipts than in FY 2007. Decreased funding forced us to cancel our plans to open eight new hearing offices in Alabama, California, Indiana, Michigan, Minnesota, Montana, New York, and Texas. We are doing what we can to compensate; however, we are concerned that despite our employees' hard work, our progress in reducing the wait time for hearing decisions and eliminating the hearings backlog has stalled.

We plan to hire additional ALJs in FY 2014. In the meantime, we are using our reemployed annuitant authority to bring back experienced judges who have recently retired. We are maintaining an adequate support staff-to-ALJ ratio to ensure cases are ready for hearings. We will also allow hearing office employees to work overtime, as resources permit, to try to keep up with the surge in hearings.

The most important time consideration for claimants is how long they will have to wait for a hearing decision. Consequently, our primary goal is reducing average wait time, which is the average number of days it takes to get a hearing decision (from the date of the hearing request). In August 2008, claimants waited an average of 532 days. Since that time, we have steadily reduced the wait. In FY 2012, the average wait was 362 days. As of February 2013, the average wait time had increased to 382 days.

Strategic Objective 1.1

Reduce the Wait Time for Hearing Decisions and Eliminate the Hearings Backlog

STRATEGIES	<ul style="list-style-type: none">➤ Eliminate Our Oldest Cases First➤ Expedite Cases That Do Not Require a Hearing➤ Enhance Electronic Tools That Improve Productivity and Quality➤ Target Our National Resources to Meet Workload Demands
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In FY 2007, we began implementing our [Plan to Eliminate the Hearings Backlog and Prevent Its Recurrence \(www.socialsecurity.gov/appeals/Backlog_Reports/Annual_Backlog_Report_FY_2008-Jan.pdf\)](http://www.socialsecurity.gov/appeals/Backlog_Reports/Annual_Backlog_Report_FY_2008-Jan.pdf). This plan outlines measures for improving hearing office procedures and business processes, increasing our ability to hear and decide cases, increasing efficiency through automation, and accelerating reviews of cases that are likely to result in a favorable decision.

The progress of backlog reduction has slowed in the last year, and we lost our margin for error when we canceled eight planned hearing office openings for budgetary reasons. Hearings receipts have been higher than we projected, and we have been unable to hire as many ALJs as we need to complete this work.

In September 2014, we expect a 387-day average wait time from hearing request to decision, a drop of almost 5 months from the all-time high average wait time of 532 days in August 2008. However, budget cuts in FY 2013 will jeopardize our plans. Until we can hire more ALJs, we may only be able to hold the average wait time steady.

Our efforts to reduce the average wait time for hearing decisions and eliminate our backlog include:

Ensuring an Adequate Supply of ALJs: Only ALJs can conduct hearings; therefore, they are an essential component of the hearings process. The Office of Personnel Management (OPM) is responsible for providing us with lists of qualified ALJ candidates. OPM is currently developing a new examination to assess potential ALJ candidates, and we are assisting by providing occupational analyses and input into core ALJ competencies and by participating in OPM-sponsored focus groups to develop the new examination. While we have hired over 850 ALJs since FY 2007, historically high ALJ attrition and dramatic workload growth leaves us short on adjudicatory capacity. OPM's ALJ register is virtually exhausted, and we will end FY 2013 far short of our hiring target.

Expediting Hearing Decisions: Attorney adjudicators screen cases, and when appropriate, issue fully favorable decisions without the need for a hearing. In FY 2012, we completed over 37,000 fully favorable decisions under this initiative. We will continue to explore ways to maximize attorney adjudicator case screening to expedite hearing decisions.

Reducing the Backlog at the Appeals Council: As we decide more cases at the hearing level, the Appeals Council receives more requests for review. Over the past 3 years, the Appeals Council received 179,000 more requests for review than in the previous three-year period, a 60 percent increase. This influx of work resulted in an increase of 37 days in the average wait for an Appeals Council decision in FY 2012 compared to FY 2011. To address this increase, we added staff in the Office of Appellate Operations. We are now focusing on decreasing the percentage of cases pending over 365 days.

Electronic Bench Book (eBB): eBB is a web-based application designed to assist adjudicators in documenting, analyzing, and deciding disability claims at the hearing level. Staff use eBB to review the case file, take notes at the hearing, and record their analysis as they work through the decision-making process and prepare hearing instructions. eBB walks adjudicators through every step of the sequential evaluation process to ensure that each step is fully addressed.

We expect that eBB will increase the quality and consistency of our decisions. Because eBB is a policy-compliant claims analysis tool, we also expect some reduction in the number of cases remanded from the Appeals Council.

In FY 2012, we implemented the web-application phase of this project that allows adjudicators to input their analysis from pre-hearing to post-hearing and provide instructions for the decision writers. In FY 2013, we plan to generate decisional notices using the combined data from eBB and other databases.

Auto-Scheduling: We are developing an automated application to schedule hearings based on the availability of the hearing site, equipment, ALJ, claimant, representative, and expert witnesses. This effort presents a great technological challenge, as each hearing can involve up to five participants from multiple locations using different communications equipment. In FY 2013, we will begin piloting Auto-Scheduling in five hearing offices.

PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 1.1

1.1a: Complete the budgeted number of hearing requests

Fiscal Year	2013		2014	
Target	836,000		807,000	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	660,842	737,616	795,424	820,484

Data definition: The number of hearing requests completed in the current fiscal year.

Data source: Case Processing and Management System

1.1b: Achieve the budgeted goal for SSA hearing case production per workyear

Fiscal Year	2013		2014	
Target	112		114	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	105	105	109	111

Data definition: The average number of hearings completed per direct workyear used. A direct workyear represents actual time spent processing cases. It does not include time spent on training, ALJ travel, leave, holidays, etc.

Data source: Office of Disability Adjudication and Review's Monthly Activity Report, Case Processing and Management System, Payroll Analysis Recap Report, Travel Formula, and Training Reports (Regional reports on new staff training, ongoing training, and special training)

1.1c: Minimize average wait time from hearing request to decision

September	2013		2014	
Target	~380 days		~387 days	
Historical Performance				
September	2009	2010	2011	2012
Performance	472 days	390 days	345 days	362 days

Data definition: The average wait time for hearing request dispositions is the cumulative wait time for all hearing requests completed during the last month of the fiscal year divided by the total number of hearing requests completed during the last month of the fiscal year.

Data source: Case Processing and Management System

1.1d: Eliminate the oldest pending hearing requests

Fiscal Year	2013		2014	
Target	Less than 0.5% of pending hearing requests 700 days or older		Less than 0.5% of pending hearing requests 675 days or older	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	228 of 166,838 cases remained pending 850 days or older (.14%)	47 of 139,026 cases remained pending 825 days or older (.03%)	103 of 111,792 cases remained pending 775 days or older (.09%)	169 of 113,593 cases remained pending 725 days or older (.15%)

Data definition: The percentage of oldest hearing requests pending. The oldest hearing requests are those cases that are pending, or will be pending, 700 days or more at the end of the fiscal year. We derive the percentage by dividing the total number of hearing requests pending 700 days or more at the end of the fiscal year by the total number of oldest hearing requests identified at the beginning of the fiscal year.

Data source: Case Processing and Management System

1.1e: Reduce the percentage of Appeals Council cases pending 365 days or over

Fiscal Year	2013	2014
Target	19% or fewer	18% or fewer
Historical Performance		
Fiscal Year	2012	
Performance	12%	

Data definition: The percentage of Appeals Council cases that are pending 365 days or over at the end of the fiscal year. The percentage is derived by dividing the total number of Appeals Council cases pending 365 days or over at the end of the fiscal year by the total number of Appeals Council cases pending at the end of the fiscal year.

Data source: Appeals Review Processing System

Strategic Objective 1.2

Improve Our Disability Policies, Procedures, and Tools

STRATEGIES	<ul style="list-style-type: none"> ➤ Enhance and Expand Our Electronic Tools to Support Policy Compliant Determinations at All Levels of Decision-Making ➤ Replace the Outdated Dictionary of Occupational Titles with a New Occupational Information System to Aid in the Medical and Vocational Analysis of Disability Claims ➤ Develop and Implement a Common Disability Case Processing System for All 54 State Disability Determination Services ➤ Review Best Practices Learned from Our Prototype Test and Apply Them Nationwide for a More Consistent Disability Process ➤ Eliminate the Use of Paper Authorization to Request Medical Evidence ➤ Regularly Update the Listing of Impairments, Which Describes Impairments Severe Enough to Prevent an Individual from Working, to Reflect Current Medical Knowledge ➤ Develop and Test Proposals that Simplify Our Disability and Work Incentive Programs
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We continue to find ways to improve our disability process. We regularly update our disability policies, procedures, and tools to keep up with the continuous advances in medicine and technology. Over the years, testing for and treatment of impairments has changed. We are committed to modernizing our disability decision-making processes to provide better service to the public. We are making fundamental changes in the way we request and receive medical information to determine disability.

We continue to update the medical and vocational information we use to make disability determinations by revising our Listing of Impairments (Listings) and developing the Occupational Information System (OIS). In addition, we are developing automated systems to improve efficiency, such as the Disability Case Processing System (DCPS), which will unify separate DDS systems into one common system for the entire Nation. We will continue to use health Information Technology (health IT) in our disability process to help us obtain medical evidence almost instantaneously. We will also improve our employment support programs for people with disabilities who want to work.

Our efforts to improve our disability policies, procedures, and tools to provide better service to the public include:

Updating Our Listings: One of the most effective tools used to make disability decisions is the Listings. The Listings allow us to find a claimant disabled when his or her impairment meets specified medical criteria, without the need to consider age, education, or work experience. The Listings improve the consistency and accuracy of our decisions throughout all levels of the disability process.

Working with the Institute of Medicine, we have established a committee of medical experts to advise us on medical advancements that are relevant to our Listings. This committee will help ensure that our Listings are relevant, medically supportable, and technologically and scientifically current.

In calendar year 2012, we published an Advance Notice of Proposed Rulemaking for language and speech disorders and a Notice of Proposed Rulemaking for special senses (vision) in the Federal Register.

In calendar years 2013 and 2014, we plan to request public comment on a number of rules affecting body systems and disorders, submit several final rules, and publish several Social Security Rulings.

We publish final rules as the last step of the rulemaking process. In the rulemaking process, we respond to public comment on the Notice of Proposed Rulemaking and make appropriate revisions before publishing the final rule in the Federal Register. Social Security Rulings are a series of precedential decisions relating to the programs that we administer, and we publish them under the authority of the Commissioner of Social Security. The Rulings may be based on case decisions made at all administrative levels of adjudication, Federal court decisions, Commissioner's decisions, opinions of the Office of the General Counsel, and policy interpretations of the law and regulations.

Developing an Occupational Information System: We rely on the occupational information found in the Department of Labor's (DoL), Dictionary of Occupational Titles (DOT) to determine whether claimants can do their past work or any other work in the United States economy. DoL no longer updates the DOT; consequently, we are working with the Bureau of Labor Statistics (BLS) to develop a long-term strategy to replace the DOT with a new OIS that addresses our specific needs for vocational information. We recently signed an interagency agreement with BLS to test the feasibility of using their National Compensation Survey platform as a means to gather the data we need for our OIS.

In FY 2013 and FY 2014, we will conduct the following activities in conjunction with our research partners:

- Develop and test the collection of occupational information;
- Pending successful test results, collect data to be used in our disability programs; and
- Evaluate integration of data into our program operations.

Simplifying the Disability Application Process: Beginning in FY 2012, adults filing online for disability benefits on their own behalf have the option to electronically sign and submit the Authorization to Disclose Information as part of the application and appeal processes. This improvement allows applicants to complete disability applications in a streamlined online session rather than printing, signing, and mailing paper authorization forms to us. In FY 2013, we plan to develop a fully electronic process for authorizations from adults filing by phone or in person. We will also conduct planning and analysis for a fully electronic process for individuals who file on behalf of others and for some childhood claims.

Developing the Disability Case Processing System: DCPS will replace five different legacy systems in the DDSs and Federal disability units with a unified system. DCPS will support consistent case processing, improved quality, and seamless workload sharing across State and Federal disability components. DCPS will also improve productivity by streamlining interactions with medical providers, copy services, and other vendors by using industry standards for electronic medical records.

In FY 2012, we implemented the initial (beta) version of DCPS in the Idaho DDS. In FY 2013 and FY 2014, we will release DCPS beta in the Illinois, Missouri, Nebraska, and New York DDSs. By the end of FY 2014, we plan to roll out DCPS to 25 percent of DDSs.

Employing the Electronic Claims Analysis Tool (eCAT): eCAT is a web-based application that guides adjudicators through the five-step sequential evaluation process for determining disability. eCAT produces a detailed policy-compliant case decision explanation and records the pertinent documentation and analysis necessary to support the determination. The explanation enables an independent reviewer to understand the decision maker's actions and conclusions throughout the claim's development and adjudication.

In FY 2013, we will require that DDSs use eCAT on all initial and reconsideration level adult and child disability claims. Through cross-component collaboration and input from the user community, we continue to refine eCAT with increased functionality.

Using Health Information Technology to Expedite Disability Decisions: Obtaining medical records electronically plays a key role in streamlining the disability determination process. Each year, we request approximately 15 million medical records from almost 500,000 providers to help make decisions on over 3 million initial disability claims. Health IT gives us the potential to increase efficiencies in the disability program and dramatically improve service to the public by:

- Reducing the time to obtain medical records;
- Decreasing the time to complete a disability claim; and
- Helping offset increasing workloads and staffing constraints.

We exchange medical records with various medical networks and providers with facilities in 16 States using the eHealth Exchange (formerly known as the Nationwide Health Information Network). In FY 2012, we began the exchange of electronic health records with Kaiser Permanente. We will continue expanding to additional facilities with our current eHealth Exchange partners and add new organizations each year.

Expanding the Virtual Lifetime Electronic Record (VLER): In April 2009, the Department of Defense (DoD) and the Department of Veterans Affairs (VA) launched the VLER initiative to create a unified lifetime electronic health record for members of our Armed Services. For more information, please visit [DoD's website on VLER \(www.prim.osd.mil/init/vler.html\)](http://www.prim.osd.mil/init/vler.html).

In FY 2012, SSA and DoD piloted and nationally rolled out a simplified process of requesting and receiving medical records using existing electronic data-sharing technologies to speed the processing of disability claims for veterans, service members, and Wounded Warriors. SSA and VA have had a similar process in place since 2006.

In FY 2013, we plan to pilot a fully automated exchange of information from the VLER initiative using the eHealth Exchange. In FY 2013 and FY 2014, we will also pursue complete deployment of the health IT solution to all Kaiser Permanente sites.

Improving Employment Support Programs: We continue to improve our efforts to advance the outcomes of our employment support programs. Disabled beneficiaries who want to work and attain self-sufficiency may receive services and support under the Ticket to Work and Self-Sufficiency Program, as well as under the Vocational Rehabilitation (VR) Cost Reimbursement Program. We began enhancing the quality of services and support provided by Employment Networks (EN) in FY 2011, and will continue enhancements in FY 2013 and beyond. These entities coordinate and deliver employment services under the Ticket to Work program.

In July 2011, we introduced language into the agreement signed by all ENs that enhanced accountability for providing timely and appropriate services. We hold ENs accountable at multiple points in the service delivery continuum. In addition to providing services and support to help beneficiaries obtain jobs, ENs are required to provide ongoing support to help beneficiaries stay employed, remain off the disability benefit rolls, and advance in their jobs.

As of FY 2012, we monitor the business practices of ENs to ensure they provide quality services that support beneficiaries returning to work. We have also set clear performance goals to ensure ENs support beneficiaries in gaining and sustaining long-term employment, economic security, and financial independence. We publish an annual online EN Report Card that enables beneficiaries to evaluate and

select an EN that best meets their needs, interests, and employment goals. These changes are helping us better monitor EN performance and improve the value and results of the program.

We are improving our beneficiary outreach and education efforts by expanding the use of our Ticket to Work Call Center, the Internet, and social media tools (e.g., YouTube, Facebook, and Twitter). Similarly, to increase beneficiary access while reducing program costs, we are providing all Work Incentive Seminar Events via webinars.

In May 2008, we revised the Ticket program rules to allow effective partnerships between public and private providers and improve the payment structure to recognize the reality that entering the workforce or returning to work is an incremental and often episodic process. Since we made those revisions, the number of Tickets assigned or in use has increased 67 percent from over 200,000 on May 1, 2008, to over 340,000 in July 2012. During that same period, the number of beneficiaries with Tickets in use who had benefits suspended or terminated because they successfully returned to work increased 223 percent.

In FY 2012, Mathematica Policy Research, Inc. completed a report on the effects of the 2008 Ticket to Work regulations. We will use the results of the evaluation to identify ways we can continue to improve both the Ticket to Work and VR programs. While we currently do not have firm plans to conduct additional evaluation activities, we will maintain data necessary to conduct future evaluations.

PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 1.2

1.2a: Minimize average wait time for initial disability claims

Fiscal Year	2013		2014	
Target	107 days		120 days	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	101 days	111 days	109 days	102 days

Data definition: The average wait time is the overall cumulative number of elapsed days (including processing times for transit, technical determinations, medical determinations, and quality review) from the date of filing through the date payment is made or the denial notice is issued for all initial claims that require a medical determination. We divide the total number of days to complete all initial disability claims requiring a medical determination by the total number of initial disability claims requiring a medical determination that we complete during the fiscal year.

Data source: DENVision National Processing Time Tracker sourced by Social Security Unified Measurement System OASDI and SSI Processing Time

1.2b: Complete the budgeted number of initial disability claims

Fiscal Year	2013		2014	
Target	2,970,000		2,851,000	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	2,812,918	3,161,314	3,390,936	3,206,869

Data definition: The number of Social Security and SSI initial disability claims that the State DDSs and other agency components complete in the current fiscal year up to the budgeted number.

Data source: National DDS System and Disability Operational Data Store

1.2c Disability Determination Services cases production per workyear

Fiscal Year	2013		2014	
Target	318		320	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	274	273	287	324

Data definition: The average number of all State DDS cases produced per workyear expended. A workyear represents both direct and indirect time, including overhead (time spent on training, travel, leave, holidays, etc.). It includes the time of staff on the DDS payroll, including doctors under contract to the DDS. The DDS case production per workyear is a national target.

Data source: National DDS System and Disability Operational Data Store

1.2d: Complete the budgeted number of disability claims at the reconsideration level

Fiscal Year	2013	2014
Target	803,000	725,000
Historical Performance		
Fiscal Year	2012	
Performance	808,521	

Data definition: The number of Social Security and SSI disability claims completed at the reconsideration level in the State DDSs and other agency components in the current fiscal year up to the budgeted number.

Data source: National DDS System and Disability Operational Data Store

1.2e: Achieve the target number of initial disability claims pending

Fiscal Year	2013		2014	
Target	796,000		910,000	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	779,854	842,192	759,023	707,700

Data definition: The number of Social Security and SSI initial disability claims pending in the State DDSs and other agency components at the end of the fiscal year.

Data source: National DDS System and Disability Operational Data Store

1.2f: Achieve the target number of disability claims pending at the reconsideration level

Fiscal Year	2013	2014
Target	179,000	208,000
Historical Performance		
Fiscal Year	2012	
Performance	197,788	

Data definition: The number of Social Security and SSI disability claims pending at the reconsideration level in the State DDSs and other agency components at the end of the fiscal year.

Data source: National DDS System and Disability Operational Data Store

1.2g: Minimize average wait time for reconsideration disability claims

Fiscal Year	2013	2014
Target	N/A	TBD

Data definition: The average wait time is the overall cumulative number of elapsed days (including processing times for transit, technical determinations, medical determinations, and quality review) from the date of filing the reconsideration through the date payment is made or the reconsideration denial notice is issued for all Disability Insurance (DI)-only, SSI disability, and combined DI and SSI disability reconsideration claims that require a medical determination. We divide the total number of days to complete all DI-only, SSI disability, and combined DI and SSI disability reconsideration claims that require a medical determination by the total number of DI-only, SSI disability, and combined DI and SSI disability reconsideration claims that require a medical determination that we complete during the fiscal year.

Data source: Appeals Operational Data Store

Note: This performance measure is new for FY 2013. We intend to provide an actual target for FY 2014 following completion of systems enhancements in FY 2013. These enhancements will help us accurately determine the average wait time for reconsiderations.

1.2h: Update the medical Listing of Impairments

Fiscal Year	2013		2014	
Target	Develop and submit at least five rules for public comment, three final rules, and three Social Security Rulings		Develop and submit at least five rules for public comment, five final rules, and three Social Security Rulings	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	Published 8 Social Security Rulings	Published 3 final regulations and 1 Notice of Proposed Rulemaking	Published 2 regulatory actions and 1 Social Security Ruling	Published 3 rules for public comment

Data definition: We will develop regulatory actions or Social Security Rulings related to updating the medical Listings for publication in the Federal Register. Regulatory actions include Advance Notice of Proposed Rulemaking, Notice of Proposed Rulemaking, Final Rules, Social Security Ruling, or other Federal notice.

Data source: Office of Retirement and Disability Policy Workplan

1.2i: Increase the percentage of disability cases evaluated using health Information Technology

Fiscal Year	2013		2014	
Target	200% above FY 2012 performance		200% above FY 2013 performance	
Historical Performance				
Fiscal Year	2010	2011	2012	
Performance	Established Baseline (3,000)	108% above FY 2010 baseline (6,235)	263% above FY 2011 performance (22,671)	

Data definition: The percentage increase in the number of disability cases evaluated using medical evidence gathered through health IT over the prior year.

Data source: Health IT Management Information System

1.2j: Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned and in use, who work

Fiscal Year	2013		2014	
Target	136,401		139,129	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	105,843	117,124	131,099	Available July 2013

Data definition: The total number of Social Security, SSI, and concurrent beneficiaries who used their Ticket to sign up with an EN or State VR agency and who have recorded earnings in the Disability Control File (DCF) in any month of the calendar year.

Data source: DCF “Verify Update Earnings Screen’s Work and Earnings Reports” data field

1.2k: Disability Determination Services decisional accuracy rate for initial disability decisions

Fiscal Year	2013		2014	
Target	97%		97%	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	97%	98%	98%	98%

Data definition: Net accuracy is the percentage of correct initial State disability determinations and is based on the net error rate (the number of corrected deficient cases with changed disability decisions), plus the number of deficient cases not corrected within 90 days from the end of the period covered by the report, divided by the number of cases reviewed.

Data source: Disability Quality Assurance Databases

Strategic Objective 1.3

Expedite Cases for the Most Severely Disabled Individuals

STRATEGIES	<ul style="list-style-type: none"> ➤ Expand the Number of Medical Conditions Included in the CAL Process, Allowing Us to Quickly Target the Most Obviously Disabled Individuals for Allowances Based on Objective Medical Evidence that We Can Obtain Quickly ➤ Refine the QDD Predictive Model to Maximize Its Capacity to Accurately Identify Cases, and Thereby Increase the Percentage of Individuals Served by the QDD Process ➤ Expand the Current Pilot to Further Improve Service for Wounded Warriors
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We are committed to quickly providing benefits to claimants whose medical conditions are so serious that they obviously meet our disability standards when we can obtain definitive medical evidence. [Our two initiatives, Quick Disability Determinations \(QDD\)](http://www.socialsecurity.gov/disabilityresearch/qdd.htm) (www.socialsecurity.gov/disabilityresearch/qdd.htm) and [Compassionate Allowances \(CAL\)](http://www.socialsecurity.gov/compassionateallowances/) (www.socialsecurity.gov/compassionateallowances/), use technology to identify claimants with the most severe disabilities and allow us to expedite decisions on their cases while maintaining accuracy. We can approve some cases in a matter of days instead of months or years. These fast-track initiatives have been two of our greatest successes in recent years.

We continue to refine our QDD predictive model and expand the number of CAL conditions used to identify claimants with the most severe disabilities. Additionally, we are working closely with the DoD to expedite decisions for Wounded Warriors.

Our efforts to expedite cases for the most severely disabled individuals include:

Advancing Quick Disability Determinations: The QDD process uses predictive modeling and computer-based screening tools to identify cases where favorable disability determinations are highly likely, and medical evidence is readily available. We are refining the QDD model to ensure it continues to select cases with high potential for allowance. In FY 2013, we will evaluate a reconfiguration of the QDD model, and if it proves to be an improvement over the existing model in efficiency and accuracy, we will implement the reconfigured model. With the refinements to the QDD model, we expect to maintain the high quality of cases selected while increasing the number of claimants served through QDD.

Advancing Compassionate Allowances: The CAL process allows us to quickly target the most obviously disabled applicants based on available objective medical information. We award benefits in nearly all CAL cases if we receive confirmation of the diagnosis with objective medical evidence, and the applicant meets our non-disability eligibility requirements. In FY 2012, we added 65 new conditions including neurological disorders, immune system disorders, cancers, and rare diseases. In December 2012, we added 35 more CAL conditions, bringing the total number of conditions in this expedited disability process to 200.

In FY 2013 and FY 2014, we plan to further expand our list of CAL conditions, so long as accuracy can be maintained, through consultations with medical, research, and advocacy communities. Additionally, since many CAL conditions are diseases that affect children or people in specific age ranges, we will enhance the accuracy of the CAL selection software by upgrading it to include an option for demographics based upon age.

PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 1.3

1.3a: Achieve the target percentage of initial disability cases identified as Quick Disability Determinations or Compassionate Allowances

September	2013		2014	
Target	6.0%		6.1%	
Historical Performance				
September	2009	2010	2011	2012
Performance	3.8%	4.6%	5.9%	5.8%

Data definition: We derive the percentage by dividing the total number of initial disability cases identified as QDD, CAL, or both by the total number of electronic initial disability cases filed in the last month of the fiscal year.

Data source: Management Information Disability

STRATEGIC GOAL 2: Provide Quality Services to the Public

TO ACHIEVE THIS GOAL WE WILL

- Increase the Use of Our Online Services
- Increase Public Satisfaction with Our Telephone Services
- Expand the Use of Video Services
- Improve the Clarity of Our Notices

We touch the life of virtually every person in America, as well as the lives of many other people throughout the world. We offer a wide range of service options to the public. We provide face-to-face service through our community-based field offices and card centers. In various remote locations, we use video technology for face-to-face service. The public may also [visit us online \(www.socialsecurity.gov\)](http://www.socialsecurity.gov), call us toll-free at 1-800-772-1213 (TTY 1-800-325-0778), or write to us. These options save time and money as the public can conduct business without traveling to a local field office. We remain committed to maintaining personal interaction with the public, no matter which service method a customer chooses. Providing quality service is essential, especially today as the baby boomers move through their most disability-prone years before retiring.

Based on the most recent economic assumptions, we believe that we will continue to receive high numbers of retirement applications. In FY 2014, we estimate that retirement and survivor claims will be over 40 percent higher than in FY 2007. To enable us to better handle the significant increase in benefit applications and other demands for our services, we developed several new, easy-to-use online services. In FY 2012, we launched the online Social Security Statement, providing people age 18 and older the opportunity to review their estimated benefits and check their earnings history at any time. Our goal is to provide applicants and their representatives with a wide variety of online services, including the ability to apply for a range of benefits and update their records.

We are also committed to ensuring that our programs, activities, and facilities are accessible to everyone in accordance with Section 504 of the Rehabilitation Act of 1973. In FY 2012, we conducted a comprehensive self-evaluation of the accessibility of our programs, activities, and facilities. We identified recommendations for improving service to individuals with disabilities that we will implement in FY 2013 and beyond.

We continue to improve our field and hearing office telephone services, as well as our National 800 Number infrastructure. In addition, we are expanding our use of video technology and using plain language principles to simplify the letters we send to the public.

Strategic Objective 2.1

Increase the Use of Our Online Services

STRATEGIES	<ul style="list-style-type: none"> ➤ Develop Creative Outreach Strategies to Market Online Services ➤ Increase the Number of Electronic Services that Enable Individuals to File for Any Benefit and Access and Update Personal Information ➤ Enhance Usability and Continue to Incorporate Best-in-Business Features in Our Existing Online Services ➤ Explore Offering Online Services Through Mobile Devices ➤ Explore Online Support Options, Including Click to Talk, Screen Sharing, and Instant Messaging ➤ Simplify Business Processes to Maximize the Benefits of Online Services
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We strive to provide the best online services in government. We had the three highest rated electronic services in the Federal Government as measured by the American Customer Satisfaction Index (ACSI) in the fourth quarter of calendar year 2012:

- Retirement Estimator, with a rating of 91;
- iClaim, our online benefit application, with a rating of 90; and
- Application for Extra Help with Medicare Prescription Drug Plan Costs, with a rating of 89.

Our website provides helpful information about our programs and services to the public, employers, other government agencies, businesses, and stakeholders. For certain transactions, users can conduct business at their convenience and at their own pace, without traveling to a field office and waiting to meet with one of our representatives. Use of our online services continues to increase.

Online benefit applications reduce the average time our employees spend completing claims, freeing them to handle more complicated workloads. We expect our online filing rates to be 48 percent by the end of FY 2013.

We recently implemented a new, even more secure procedure to authenticate the identity of people interested in conducting business with us online through a new platform called [my Social Security](http://www.ssa.gov/myaccount/) (<http://www.ssa.gov/myaccount/>). Social Security beneficiaries and SSI recipients now can access their benefit verification letters, payment histories, and earnings records instantly. Social Security beneficiaries also can change their address and start or change direct deposit information online. Others who successfully authenticate can verify their earnings history, receive notices, and request certain routine actions online.

[my Social Security](#), which includes the online Social Security Statement, recently ranked in the top 10 in customer satisfaction for all Federal websites. Since its debut on May 1, 2012, approximately 67,000 respondents to the ACSI survey rated their online experience with an average score of 86.

We offer many of our online publications in up to 15 different languages. The majority of our online publications are also available in audio format. Additionally, most of our Internet documents are accessible to anyone who needs to use screen readers, screen magnifiers, or voice recognition software. We ensure all of our online applications fully comply with Section 508 of the Rehabilitation Act of 1973.

We will enhance our online services with the following initiatives:

Improving Services to Our Spanish-Speaking Customers: The Census Bureau projects the U.S. Hispanic population will nearly triple, from 46.7 million to 132.8 million, between 2008 and 2050. We conduct approximately 5.4 percent of our National 800 Number calls in Spanish, and an increasing number of field office visitors expect to conduct their business with us in Spanish. Our website offers the following electronic services in Spanish:

- Spanish iClaim, which allows users to file retirement, Medicare, and disability applications; and
- Spanish Medicare Extra Help Application, which allows Medicare beneficiaries to file for extra help to pay for monthly premiums, annual deductibles, and co-payments related to the Medicare Prescription Drug program.

The ACSI score of 95 indicates that users are highly satisfied with Spanish iClaim, and the feedback is consistent with the overall satisfaction of the English application users. In FY 2013 and FY 2014, we will explore ways to expand the use of the Spanish iClaim to international users by including features to collect information related to foreign work, international direct deposit, and United States residency. As we continue to expand our online services, we will also offer those services in Spanish. Additionally, we plan to develop Spanish Forms W-2 online services.

Nationwide Marketing Campaign: We use public service announcements on television and radio, printed leaflets, billboards, bus posters, and displays in airport terminals to promote our online services. Additionally, we use social media and targeted relevant keyword searches on Google and Bing to more effectively direct web users to our online service options. At a local level, our offices find creative and cost-effective ways to inform the community about the advantages of using our online services.

We continue to work with a broad network of national organizations, advocacy groups, and other interested parties who represent the American public. Our audiences include aged individuals; people with disabilities; claimants' representatives; financial planners; human resource managers; and our colleagues from other Federal agencies and State, local, and tribal governments. We also produce webinars and webcasts to promote online services and explain Social Security programs and services.

In FY 2013 and FY 2014, we will explore additional online marketing, such as Facebook advertising, while continuing to promote new and updated online services using strategies and products that have proven effective.

Electronic Services for Appointed Representatives: Representatives transact business with us on behalf of applicants who file for disability benefits. We provide appointed representatives access to their clients' electronic disability folders at the hearing and Appeals Council levels. In FY 2012, more than 8,500 appointed representatives viewed their cases online. In addition, in FY 2012, we improved our online appeals application (iAppeals) by including more propagated fields, which reduces the requirement of representative to enter the same data multiple times. Representatives will also have the option to scan and submit forms and documents online. In FY 2013 and FY 2014, we will continue to improve the iAppeals application to provide appointed representatives with more features.

Social Security Statement: The Social Security Statement is a concise, easy-to-read personal record of workers' earnings, the amount of Social Security taxes they paid, and a summary of the estimated benefits they and their families may receive. In recent years, we mailed annual Social Security Statements to more than 150 million people; however, in FY 2011 we suspended these mailings due to budget constraints.

In February 2012, we resumed issuing the paper Social Security Statements to workers age 60 and older, and, in July 2012, we started a one-time mailing to workers as they turn age 25. In FY 2012, we mailed paper Social Security Statements to approximately 11.4 million workers nearing retirement age (age 60 and older) and to about 1 million workers who were turning age 25. At the start of FY 2013, we again suspended mailing any paper Social Security Statements due to budget constraints; however, we continue to offer the public the option of obtaining the information online. Both the mailed and online versions of the Social Security Statement include links to web information and services to help people plan for retirement.

PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 2.1

2.1a: Increase the percentage of claims filed online

Fourth Quarter FY	2013	2014
Target	48%	48%
Historical Performance		
Fourth Quarter FY	2012	
Performance	44%	

Data definition: The percentage of initial Social Security disability, retirement, spouses, and Medicare claims filed online in the last quarter of the fiscal year. We derive the percentage by dividing the number of initial Social Security disability, retirement, spouses, and Medicare claims filed online in the last quarter of the fiscal year by the total number of initial Social Security disability, retirement, spouses, and Medicare claims that could be filed online in the last quarter of the fiscal year.

Data source: Social Security Unified Measurement System, MI Central, and Local Management Information Report

Note: Data from all four quarters of each year will be publicly available.

2.1b: Complete the budgeted number of retirement, survivors, and Medicare claims

Fiscal Year	2013		2014	
Target	5,269,000		5,402,000	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	104% (4,742,218)	101% (4,700,990)	106% (4,877,955)	102% (5,001,092)

Data definition: The percent of retirement, survivors, and Medicare claims completed in the current fiscal year up to the budgeted number.

Data source: Work Measurement Transition Database

Strategic Objective 2.2

Increase Public Satisfaction with Our Telephone Services

STRATEGIES	<ul style="list-style-type: none"> ➤ Develop and Implement Best-in-Business Features that Will Enhance the Caller's Experience, Regardless of Whether the Caller Uses Automated Telephone Service or Speaks with an Employee ➤ Implement a New Post-Call Survey to Obtain Immediate Feedback on Our National 800 Number Service ➤ Develop and Evaluate Pilots to Allow Callers to Bypass Automated Phone Service ➤ Increase the Use of Management Information Tools to Redirect Calls from Field Offices to the National 800 Number to Reduce Delays
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Our telephone service remains the public's most popular option for conducting business with us. We are taking advantage of additional technological advancements that will help us keep pace with industry standards and increase our efficiency. In FY 2012, we completed more than 56 million transactions through our National 800 Number. Callers can speak to an agent during business hours or use our automated services that are available 24 hours a day, 7 days a week.

We answer questions about Social Security benefits, schedule appointments to file claims, and, depending on the situation, take benefit applications by telephone. Beneficiaries also frequently call to change their address, request replacement Medicare cards, or request benefit verification statements.

We will continue to improve our telephone service and expand our efforts to increase public satisfaction. From FY 2009 through FY 2011, we significantly reduced both busy signals and average wait time to speak with an agent. Much of our improved performance was due to increased hiring of agents. However, with staffing losses over the last few years, we project time spent waiting for an agent will increase to an average of 455 seconds in FY 2013 from an average of 294 seconds in FY 2012. We conduct surveys to track trends in caller satisfaction with our National 800 Number and field office telephone service.

In FY 2013, we will continue improving our telephone services through the following:

Replacing Our National 800 Number Infrastructure: We will continue to enhance our telephone services so that more people can successfully complete their business with us by phone. We are converting to Citizens Access Routing Enterprise 2020 (CARE 2020) to replace our National 800 Number telecommunications infrastructure. We will enhance the menus, self-service features, and speech-recognition technology of our National 800 Number. The new system will have increased capacity to handle nearly all National 800 Number traffic, even on peak days. This increase in capacity will nearly eliminate busy signals for our callers. However, we expect wait times to speak to an agent to increase in the short-term due to the staffing losses over the last few years. CARE 2020 will enable callers to make a decision to wait for service, schedule a callback, or retry at a more convenient time. Based on trends in telephone service delivery methods and our research on customer satisfaction, we expect these options to reduce customer frustration and improve the overall caller experience.

The new CARE 2020 infrastructure will also provide technology to help us forecast call volumes, anticipate staffing needs, and better distribute incoming calls across the network so callers can more

quickly reach agents. CARE 2020 will also provide an option for our agents to place the key telephone functions on their computer screen (softphone), rather than using a traditional hardphone on their desks. In FY 2013, we will customize the placement of this softphone on agents' computer screens via a customization feature. This customization will improve agents' call handling efficiency through improved screen placement with other existing software tools and a single sign-on to use both the computer and telephone.

Providing Real-Time Assistance to Online Visitors: We are exploring the use of web-support technologies to improve the level of customer service we provide to our online users. As part of the Click-to-Communicate (C2C) initiative, we are considering using three web support technologies: Click-to-Talk, Screen Sharing, and Instant Messaging. In FY 2013, we will continue to pilot Network Online Web (NOW) support as a precursor to the C2C initiative. The NOW pilot will assist us in developing a strategy for incorporating web support technologies into our business process. We will begin planning and analysis for C2C in FY 2014.

Field Office Estimated Wait Time Messaging: In FY 2013, we plan to add a feature that will provide callers with the estimated amount of time it will take a field office representative to answer their calls.

PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 2.2

2.2a: Achieve the target speed in answering National 800 Number calls

Fiscal Year	2013		2014	
Target	455 seconds		482 seconds	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	245 seconds	203 seconds	180 seconds	294 seconds

Data definition: We calculate the speed of answering by dividing the wait time of all National 800 Number calls answered by agents by the number of all National 800 Number calls answered by agents in the fiscal year. Wait time begins from the time we transfer the caller to the agent queue (waiting for an agent) and continues until an agent answers the call.

Data source: Data generated by Cisco Intelligent Contact Management system

2.2b: Achieve the target busy rate for National 800 Number calls

Fiscal Year	2013		2014	
Target	10%		10%	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	8%	5%	3%	5%

Data definition: We calculate the agent busy rate as the number of National 800 Number busy messages divided by the number of National 800 Number calls requesting agent service in the fiscal year. The caller receives a busy message when the number of calls offered exceeds the number of telephone lines available or when the agent queue has reached its maximum capacity of waiting calls.

Data source: Data generated by Cisco Intelligent Contact Management system

Note: We computed the agent busy rate using our current methodology to allow for comparability. We have not solidified the date for full implementation of CARE 2020, but we anticipate that our new state-of-the-art system will decrease the agent busy rate to 1 percent in FY 2014.

2.2c: Maintain the percent of people rating our services as “excellent,” “very good,” or “good”

Fiscal Year	2013		2014	
Target	83.5%		83.5%	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	81%	78.2%	81.4%	80.9%

Data definition: The percent is derived by dividing the number of respondents who rate overall service as “excellent,” “very good,” or “good” on a six-point scale ranging from “excellent” to “very poor” in the fiscal year by the total number of respondents.

Data source: We base the overall satisfaction rating on service satisfaction surveys of National 800 Number callers; field office callers, visitors to field offices (including Social Security Card Centers beginning in FY 2011), and hearings offices, and individuals who used one of our transactional Internet services. The Internet Report Card Survey, which began in FY 2010 with iClaim and Medicare Part D subsidy applications, added online change of address and direct deposit actions to the types of transactions sampled in FY 2011. The FY 2012 Internet Report Card Survey added a sample of individuals who completed the online medical form for a disability initial claim or appeal. The FY 2013 survey will incorporate online requests for information, such as benefit verifications.

Note: In FY 2009, we measured satisfaction with Internet service in a special survey of iClaims. Beginning in FY 2010, we replaced this survey with the annual Internet Report Card Survey.

Strategic Objective 2.3

Expand the Use of Video Services

STRATEGIES

- Expand the Use of Video Services to Balance Our Workloads
- Expand the Use of Third-Party Video Hearings

Video technology is an important part of our efforts to reduce the hearings backlog. We use this technology to help balance workloads across the country, reduce travel for the public and our employees, and better serve remote areas. Our National Hearing Centers use video technology for all of their hearings, giving us the needed flexibility to quickly support the most backlogged hearing offices.

Video technology reduces the need for our staff to travel between offices and to remote hearing sites, saving travel costs and freeing up more time for our judges to decide cases. Surveys of people who have experienced the hearing process show they are equally satisfied whether their hearing was held in person or by video conference.

We will expand our video services with the following initiatives:

Expanding the Representative Video Project (RVP): RVP allows attorney and non-attorney claimants' representatives to participate in hearings from their offices using their own video conferencing equipment. In FY 2012, 52 approved representatives held over 3,800 hearings using RVP. In FY 2013, we expect to add more RVP sites as we continue to close temporary remote hearing sites and reduce travel budgets.

Expanding Video Service Delivery (VSD): Some people experience difficulty visiting a field office because they are in rural locations or places without public transportation. VSD enables us to provide service to people at more convenient third-party sites, such as hospitals, libraries, community centers, American Indian Tribal centers, and homeless shelters. In FY 2012, we began piloting Video Remote Interpreting (VRI) services for hearing-impaired visitors in 37 field offices. Based on the success of this pilot, we expanded VRI services to 262 additional field offices, for a total of 299 locations as of December 2012. In January 2013, we provided 20 additional VSD units for DDSs, allowing them to conduct video disability hearings and video consultative exams. Additionally, we are expanding VSD to 20 Wounded Warrior locations, enabling us to assist veterans and reducing our dependence on travel funds.

PERFORMANCE MEASURE – STRATEGIC OBJECTIVE 2.3

2.3a: Complete the planned number of video hearings

Fiscal Year	2013		2014	
Target	154,000		169,000	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	86,320	120,624	129,775	153,592

Data definition: The number of video hearings completed in the current fiscal year.

Data source: Case Processing and Management System

Strategic Objective 2.4

Improve The Clarity Of Our Notices

STRATEGIES	<ul style="list-style-type: none"> ➤ Improve the Readability, Clarity, and Tone of Our Supplemental Security Income Post-Eligibility Notices ➤ Revamp Our Title II Notice System to Make Notices More Complete and Easier to Understand ➤ Modernize Our Notice Architecture So That We Can Implement New or Revised Language More Efficiently and Effectively ➤ Incorporate Plain Language Principles in Our Notices
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Notices are one of our principal means of communicating with the public. Annually, we send approximately 250 million notices to the public explaining the programs that we administer. Our notices communicate decisions, payment, and other important information. The notices also inform claimants and beneficiaries of their rights and responsibilities under our programs, including their appeal rights.

Our notices must be accurate, easy-to-read, and clearly explain all necessary actions. Clear notices allow us to serve the public effectively and reduce unnecessary calls to our National 800 Number and visits to our field offices. We continue to assess and improve our notices. Our notice clearance process ensures all new notice language meets our notice standards and complies with the Plain Writing Act of 2010.

In FY 2013, we plan to improve the readability, clarity, and tone of SSI notices explaining payment changes and notices advising recipients their benefits will stop due to work. We also plan to improve language in our highest volume notices, such as the letter acknowledging our receipt of a hearing request.

We are also evaluating how we can use technology to generate notices more efficiently and effectively. For example, we will conduct planning and analysis on a new Enterprise Communication Architecture to determine if we can simplify notice production. We are also exploring technology that will allow us to produce notices in different formats to better serve our diverse public.

We apply the principles of open government—transparency, participation, and collaboration—to our notice development process. We also solicit feedback from advocates and other interested persons to provide input regarding the content and clarity of our notices.

STRATEGIC GOAL 3:

Preserve the Public's Trust in Our Programs

TO ACHIEVE THIS GOAL WE WILL

- Increase Efforts to Accurately Pay Benefits
- Recover Improper Payments
- Maintain Accurate Earnings Records
- Make Our Administrative Operations Even More Efficient

We take our responsibility to be good stewards of the funds entrusted to us very seriously, and we have a well-deserved reputation for excellent financial management of our programs. We pay over \$65 billion in benefits each month. Our most important responsibility is to pay these benefits accurately and promptly to the individuals who are entitled to receive them. Additionally, we operate very efficiently, holding our administrative expenses to about 1.4 percent of benefit expenses.

We are committed to preventing fraud and abuse. We collaborate with other Federal agencies to investigate and prosecute fraud, expand forensic computer crime detection capabilities, and strengthen fraud prevention by adding new checks and balances in our processes. In addition, we commit to continuing our long history of conducting analyses and providing data to the Administration, Congress, and stakeholders on proposals for Social Security reform.

This strategic goal aligns with the President's challenge to Federal agencies to aggressively reduce improper payments government-wide. To preserve the public's trust in our programs, we must continue to invest in enhanced program integrity activities. Together, our stewardship and service missions serve a common purpose—making our programs more effective and efficient. Visit our [reducing improper payments website \(www.socialsecurity.gov/improperpayments\)](http://www.socialsecurity.gov/improperpayments) for more information on our efforts to reduce improper payments.

Strategic Objective 3.1

Increase Efforts To Accurately Pay Benefits

STRATEGIES	<ul style="list-style-type: none"> ➤ Explore New Business Processes for Completing Our Program Integrity Activities ➤ Develop New Tools and Automated Means for Beneficiaries to Report Changes that May Affect Their Payment Amount ➤ Automate Internal Business Processes to Make It Easier for Our Employees to Make Changes Quickly and Accurately ➤ Collaborate with Other Federal Agencies to Find Innovative Ways to Detect Fraud ➤ Pursue Additional Data Sharing Agreements with Private Industry and Government Agencies ➤ Enhance Predictive Models and Automation Tools to Help Identify Elements of Benefit Eligibility ➤ Explore Innovative Methods to Communicate Reporting Responsibilities to Beneficiaries
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Our program integrity activities are critical to ensuring well-run programs and accurate payments. Despite rising workloads, we have been steadily increasing our program integrity efforts. We intend to continue our commitment to our program integrity efforts to minimize improper payments. Our stewardship responsibilities include conducting periodic medical Continuing Disability Reviews (CDR) and non-medical SSI redeterminations. These reviews save significant program dollars by avoiding improper payments to beneficiaries. The FY 2014 President's Budget includes a new legislative proposal that would replace discretionary cap adjustments with a dependable source of mandatory funding to significantly ramp up our program integrity work. In FY 2014, the proposed funding would allow us to handle significantly more CDRs.

We will further increase our efforts to pay benefits accurately by:

Conducting Continuing Disability Reviews (CDR): To ensure we pay disability benefits to only those who continue to meet our medical requirements, we conduct CDRs periodically for both DI beneficiaries and SSI recipients to determine if their disabling condition has improved and if they are still eligible for benefits. We use statistical modeling to identify beneficiaries' probability of medical improvement.

We conduct two types of medical CDRs: questionnaires (mailers) and full medical reviews. Generally, we send mailers to beneficiaries and recipients who have a low probability of demonstrating medical improvement. We schedule a full medical CDR for those beneficiaries with a higher probability of medical improvement. Full medical CDRs require a new medical evaluation and disability determination by our DDS examiners.

Although most CDRs do not result in a cessation of benefits, our medical CDR process is cost effective. For FY 2014, we estimate that every dollar spent on CDRs will yield about \$9 in program savings over 10 years, including Medicare and Medicaid program effects.

Conducting SSI Redeterminations: Because SSI is a means-tested program, changes in recipients' living arrangements or the amount of their income and resources can affect their eligibility or the

amount of their payments. To ensure the accuracy of SSI payments, we conduct redeterminations, which are periodic reviews of non-medical factors of eligibility. For FY 2014, we estimate that every dollar spent on SSI redeterminations will yield about \$5 in program savings over 10 years, including Medicaid program effects.

Using Predictive Modeling in the SSI Redetermination Process: We do not have the resources to conduct an annual redetermination on every SSI recipient, so we use a statistical scoring model to identify cases for redetermination that have a high likelihood of error. The statistical model uses various income, resource, and living arrangement variables to predict likely SSI overpayments.

Using this scoring model, we expect the cases we completed in FY 2012 to result in the prevention and recovery of \$2.9 billion in total lifetime SSI overpayments. If we had relied on random case selection rather than using a predictive model, we project that we would have prevented and recovered only \$2.1 billion in total lifetime savings in that year. In FY 2012, we began implementing an enhanced model with additional recipient living-arrangement information. This model enhancement will further improve our targeting of likely SSI overpayments by better identifying cases where recent changes in living arrangements have affected SSI payments.

Expanding the Access to Financial Institutions (AFI) Initiative: AFI is a web-based system that allows SSA to detect undisclosed assets in bank accounts. Detection of these assets prevents one of the most frequent causes of SSI erroneous payments. We completed the rollout of AFI to all 50 states, the District of Columbia, and the Northern Mariana Islands in FY 2011, and in FY 2012, we fully integrated the AFI process into our SSI Claims process. We plan to continue expanding its usage with a reduction in tolerance expected in FY 2013 pending available resources, and full implementation in the near future.

Promoting Use of the SSI Telephone Wage Reporting System (SSITWR): Wages continue to be a major source of payment error in the SSI program because we do not always receive accurate or timely monthly wage information. To facilitate timely reporting, we established a dedicated telephone number to allow recipients and their representative payees (i.e., organizations or persons who receive SSI payments on behalf of recipients who cannot manage their own benefits) to report monthly wages by calling and using a combination of touch-tone entry and voice-recognition software.

Our software system automatically enters the wage data into the SSI system. This process is more efficient than the recipient visiting a field office and having us manually enter the report of wages into our processing system. The improved efficiency of SSITWR allows us to process wage reports early enough to adjust the next SSI payment, thereby preventing improper payments.

As part of our ongoing efforts to promote monthly wage reporting, we are conducting a Payee Outreach Pilot. We mailed notices to a group of representative payees for working SSI recipients. The notices asked the payees to start using SSITWR to report the recipients' wages to us. Based on the successful results of the pilot, we expanded the mailing to a larger group of representative payees for working SSI recipients. In FY 2013, we will continue to recruit new reporters to use SSITWR and post a webcast on our website that promotes the use of SSITWR. Future efforts to enhance this initiative will include the development of an Internet-based wage reporting application.

Expanding the Use of Electronic Death Data Exchange with Foreign Governments: We have expanded the use of electronic death data exchange with foreign governments to ensure we do not pay benefits to deceased people who resided outside of the United States. In FY 2012, we improved our exchange methodology with Australia, Sweden, and the Netherlands—our existing exchange partners. In FY 2012, we also implemented reciprocal exchanges with Germany and South Korea. In FY 2013, we

expect to implement reciprocal exchanges with Belgium, Canada, and the United Kingdom and pursue new data exchanges with Japan, Poland, Switzerland, and other totalization partner countries.

Using Electronic Data Exchanges: We have over 1,400 data exchanges with a wide range of Federal, State, and local entities that provide us with information we need to stop benefits completely or to adjust the amount of benefits we pay. For example, States and jurisdictions provide us with notification of deceased persons, enabling us to timely administer programs for beneficiaries of decedents. We also have about 2,300 exchanges with prisons that allow us to suspend benefits to prisoners quickly and efficiently.

We will continue to explore opportunities to increase electronic data exchanges with the States and other government agencies to eliminate the need for online filers to provide us evidentiary documents, such as birth and death certificates, proof of citizenship, and Forms W-2. These exchanges make the online application process more accurate, efficient, and convenient.

One such exchange, the Internet Electronic Death Registration (EDR), is a web-based application designed to allow a State's Bureau of Vital Statistics to verify decedents' Social Security numbers using the Internet. EDR is currently active in 32 States, the District of Columbia, and New York City. Seven more states are tentatively scheduled to implement EDR in FY 2013.

Expanding Our Cooperative Disability Investigation (CDI) Program: We will continue to work collaboratively with the Office of the Inspector General (OIG), the DDSs, and with State and local law enforcement agencies through our CDI units to resolve allegations of fraud in our disability programs. Our CDI units help prevent payments to people who are not disabled and reduce improper payments to beneficiaries who have failed to report medical improvement or work activity. In FY 2012, CDI investigations led to the denial or termination of nearly 4,100 claims, saving approximately \$340 million in our DI and SSI programs and approximately \$235 million in non-SSA programs such as Medicare and Medicaid.

At the end of FY 2012, the CDI Program consisted of 25 CDI units operating in 21 States and the Commonwealth of Puerto Rico. Each unit consists of an OIG Special Agent who serves as the CDI Unit team leader, personnel from State or local law enforcement, and personnel from our agency and the State DDS. In FY 2013 and FY 2014, we will expand the program as funding permits.

Potential Entitlements Initiative: The law requires that we base a person's benefit amount on a number of factors including age, earnings history, and the type of benefit awarded. Inaccurate information or administrative mistakes can cause errors in calculating benefits. There are many causes for computation errors. From FY 2007 through FY 2011, approximately 53 percent of the computation errors resulted in underpayments, with the leading causes being the primary insurance amount, the Windfall Elimination Provision, and the recalculation of benefits due to updated and new information received after our initial calculation of an individual's benefit amount.

The potential entitlements initiative is actively addressing improper underpayments and overpayments. In the OASDI program, we are correcting payments to young mothers who did not properly convert to widow's benefits when they attained full retirement age. For the SSI program, we are referring some veterans receiving SSI to the VA when we determine they may be entitled to veteran's benefits.

PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 3.1

3.1a: Complete the budgeted number of Supplemental Security Income non-disability redeterminations

Fiscal Year	2013		2014	
Target	2,622,000		2,622,000	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	1,730,575	2,465,878	2,456,830	2,624,170

Data definition: The number of non-disability SSI redeterminations completed in the fiscal year up to the target. This number includes scheduled (i.e., identified for review through profiling) and unscheduled reviews (i.e., reviewed because of changes that may affect payment), as well as targeted redeterminations (i.e., limited issue reviews).

Data source: Integrated SSA Unified Measurement System Counts Report

3.1b: Complete the budgeted number of full medical continuing disability reviews

Fiscal Year	2013		2014	
Target	650,000		1,047,000	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	316,960	324,567	345,492	443,233

Data definition: The number of full medical CDRs completed in the fiscal year up to the target. This number represents only full medical reviews completed by the State DDSs and other agency components and cases where we initiated a review but could not complete one because the individual failed to cooperate.

Data source: CDR Tracking Files

Note: Prior to FY 2012, performance included reviews completed by the State DDS and other agency components, reviews conducted by mailers that do not require a full medical review, and cases where we initiated a review but we did not conduct the review because the individual failed to cooperate. The table below provides additional historical information regarding the total number of full medical CDRs and mailers as reported in our FY 2012 Performance and Accountability Report.

Fiscal Year Performance	2009	2010	2011	2012
Full Medical	316,960	324,567	345,492	443,233
Mailers	785,023	631,615	1,063,405	961,069
Total CDRs	1,101,983	956,182	1,408,897	1,404,302

3.1c: Percent of Supplemental Security Income payments free of overpayment and underpayment error

Overpayment Accuracy Rate

Fiscal Year	2013		2014	
Target	95.0%		95.0%	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	91.6%	93.3%	92.7%	Available April 2013

Underpayment Accuracy Rate

Fiscal Year	2013		2014	
Target	98.8%		98.8%	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	98.4%	97.6%	98.2%	Available April 2013

Data definition: We determine the SSI payment accuracy rate free of overpayment and underpayment error by an annual review of a statistically valid sample of the beneficiary rolls. We base the payment accuracy on a non-medical review of sampled individuals receiving SSI payments during the fiscal year. We determine the overpayment accuracy rate by dividing the total overpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent. We determine the underpayment accuracy rate by dividing the total underpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent.

Data source: SSI Stewardship Report

3.1d: Percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error

Overpayment Accuracy Rate

Fiscal Year	2013		2014	
Target	99.8%		99.8%	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	99.6%	99.6%	99.7%	Available April 2013

Underpayment Accuracy Rate

Fiscal Year	2013		2014	
Target	99.8%		99.8%	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	99.9%	99.8%	99.9%	Available April 2013

Data definition: We determine the OASDI payment accuracy rate free of overpayment and underpayment error by an annual review of a statistically valid sample of the beneficiary rolls. We base the payment accuracy on a non-medical review of sampled individuals receiving OASDI payments during the fiscal year. We determine the overpayment accuracy rate by dividing the total overpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent. We determine the underpayment accuracy rate by dividing the total underpayment error dollars by the total dollars paid for the fiscal year and subtracting this percentage from 100 percent.

Data source: OASDI Stewardship Report

Strategic Objective 3.2

Recover Improper Payments

STRATEGIES

- Maximize Our Use of Proven Debt Collection Tools and Techniques
- Implement New Tools for Debt Collection
- Develop Recommended Changes to Laws, Regulations, and Policies to Enhance Our Ability to Collect Debt

Although we strive to pay benefits accurately and timely, the complexity of our programs and dependence on beneficiaries to report payment-affecting changes can lead to improper payments. In FY 2012, we recovered \$3.26 billion of Social Security and SSI overpayments. We use benefit withholding to recover overpayments from debtors currently receiving payments. When overpaid individuals are no longer receiving benefits, we offer them the opportunity to repay the debt by monthly installment payments. If the debtor does not agree to an acceptable repayment plan or defaults on an established agreement, we use our external collection techniques to recover the overpayments.

We have enhanced our debt collection program, focusing on the use of established external debt collection tools. These tools include Tax Refund Offset and Administrative Offset administered through the Treasury Offset Program (TOP) at the Department of the Treasury (Treasury). Our participation in TOP allows us to offset Federal tax refunds, Federal annuities, and Federal salaries to collect our delinquent debts. We also report delinquent debts to credit bureaus and use Administrative Wage Garnishment, which allows us to garnish a debtor's private-sector wages.

We will continue improving our debt collection program by:

Maximizing Our Use of Proven Debt Collection Tools and Techniques: Referral of delinquent debts to TOP is an effective recovery method for individuals who are no longer entitled to our program benefits. From our initial implementation in FY 1992 through FY 2011, we have recovered approximately \$2 billion dollars through TOP. In 2009, Treasury enhanced TOP by amending its regulations to allow collection of legally enforceable, non-tax debts beyond the prior 10-year statute of limitation. In FY 2011, we published regulatory changes authorizing us to refer delinquent debts over 10 years old to TOP. In May 2012, we implemented systems changes and began notifying our debtors. As a result of this enhancement, in August 2012, we began referring additional debts to Treasury for collection.

Implementing New Tools for Debt Collection: In FY 2011, we published the regulatory changes authorizing us to offset eligible State payments issued by participating States. We now have statutory authority to offset eligible State payments due to debtors as a way to collect delinquent debts. To offset the payment, the issuing State must have entered into a reciprocal agreement with Treasury. As resources permit, we will implement the required systems enhancements to employ State payment offset to increase our TOP collections.

PERFORMANCE MEASURE – STRATEGIC OBJECTIVE 3.2

3.2a: Expand and enhance our debt collection tools

Fiscal Year	2013	2014
Target	Send 180,000 OASDI and SSI External Collection Operation notices to debtors with debts 10 years or more delinquent	Send 180,000 OASDI and SSI External Collection Operation notices to debtors with debts 10 years or more delinquent
Historical Performance		
Fiscal Year	2012	
Performance	Implemented Treasury Offset Program for programmatic delinquent debt over 10 years old	

Data definition: Maximize our use of proven debt collection tools and techniques by continuing to notify debtors with delinquent debts over 10 years old of our ability to collect their debt through TOP. This indicator represents the number of notices sent to eligible beneficiaries as a result of this enhancement to our External Collection Operation system. Develop and implement internal processes to allow us to begin pursuing, through TOP, programmatic debts that have been delinquent for longer than 10 years.

Data source: External Collection Operation Master File

Strategic Objective 3.3

Maintain Accurate Earnings Records

STRATEGIES

- Encourage More Employers to File W-2s Online
- Work with the Internal Revenue Service to Improve Wage Reporting
- Continue to Modernize Our Earnings Systems

Enumeration is our process of assigning Social Security numbers (SSN) and issuing Social Security cards. Each year we receive approximately 17 million applications for original and replacement Social Security cards. We also verify SSNs more than one billion times a year through a variety of electronic exchanges with public and private organizations. The fundamental purposes of the SSN are to allow us to record a worker's earnings history and monitor benefits paid under the Social Security program.

We base Social Security benefit amounts on a worker's lifetime earnings, so it is critical that we maintain accurate earnings records and credit the correct amount of earnings to the right person. In FY 2012, we completed and posted more than 245 million items to workers' records.

Maintaining accurate earnings records is resource-intensive and highly complex. We receive the majority of earnings reports electronically; however, we still receive nearly 30 million items on paper Forms W-2. In addition, the automated systems we use to process this workload are aging.

Our efforts to enhance our enumeration process include:

Strengthening the Social Security number Application Process (SSNAP): SSNAP is a web-based enumeration system used by our employees to record information and evidence submitted during the interview for an SSN. SSNAP is available in all field offices (including Social Security Card Centers), teleservice centers, and Foreign Service posts.

We are currently revising SSNAP to guide users through the mandatory in-person interview for applicants who are age 12 or older and applying for original SSNs. These revisions will help our employees determine whether we previously assigned an SSN to the applicant. As resources permit, we will continue to develop and implement enhancements that will help us enforce enumeration policy.

Expanding Enumeration-at-Entry (EAE): EAE is a collaborative effort among the Departments of State (DoS), Department of Homeland Security (DHS), and SSA. Initially, this program allowed immigrants age 18 or older to apply for an SSN with the DoS as part of their visa application. We expanded EAE in FY 2009 to handle requests for children under age 18 who apply for immigrant visas and SSNs. Upon an immigrant's arrival in the United States, DHS forwards the data necessary for us to assign an SSN.

In FY 2012, we began proactively working with DoS and DHS to expand the EAE process to those persons applying for admission to the United States under certain non-immigrant visa classifications. In FY 2013 and FY 2014, we will continue working closely with DoS and DHS to identify potential categories of work-authorized non-immigrant visa holders we can enumerate through EAE and to enhance EAE's management information. These improvements will reduce field office workloads, reduce costs, increase our capabilities to prevent the issuance of multiple SSNs, and improve the integrity of the enumeration process.

In addition to our efforts to improve the enumeration process, we are also striving to improve our ability to maintain accurate earnings records. Our initiatives include:

Continuing the Earnings Redesign Initiative: We are redesigning our systems to make our earnings process more efficient and accurate. In addition, we are working with the Internal Revenue Service (IRS) to enhance the earnings data exchanges for improved wage reporting.

In FY 2013, we will improve our detection and prevention capabilities for potential wage reporting fraud, retire outdated business processes, replace outdated technology, and automate our earnings reconciliation process. In FY 2014, we will improve our error-detection capabilities, retire obsolete system functionality, streamline automated business processes, continue to retire outdated business processes, and continue the automation of our earnings reconciliation process.

Expanding Use of Social Security number Verification Services (SSNVS): We can accurately post employee wages only when employers report employee wages under the correct name and SSN. SSNVS allows registered users (i.e., employers and their contractors) to determine, almost instantaneously, if the reported name and SSN of an employee matches our records. We will continue to work with the business community to encourage additional employers and third-party companies to use this service.

Increasing Electronic Wage Report (EWR) Filing: Annually, we receive over 3.3 million paper wage reports from employers that contain over 29 million paper Forms W-2. Paper wage reports are more error-prone, labor-intensive, and expensive to process; accordingly, we will continue to work toward eliminating paper wage reports while migrating to an electronic earnings record process.

In FY 2012, we implemented enhancements in our EWR suite of services to increase EWR filing. The number of registered EWR users has increased from 500,000 in tax year 2009 to over 734,000 in tax year 2012. In FY 2013, we will add functionality to our online Forms W-2 and implement user-friendly enhancements to make it easier for small businesses to use our EWR suite of services. We will also continue to encourage employers and third-party submitters to use EWR through promotional materials, articles in trade publications, and direct contact.

PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 3.3

3.3a: Reduce the percentage of paper Forms W-2 completed

Fiscal Year	2013		2014	
Target	13.0%		12.0%	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	16%	15%	14.7%	13.5%

Data definition: The percentage of paper Forms W-2 processed to completion. We derive the percentage by dividing the number of paper Forms W-2 processed to completion by the total number of Forms W-2 processed to completion. We report data cumulatively for the current calendar year, as we process Forms W-2 for the prior tax year.

Data source: Earnings Modernization Operational Data Store Management Information Reports

3.3b: Achieve the target percentage for correctly assigning original Social Security numbers

Fiscal Year	2013		2014	
Target	99.0%		99.0%	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	99.9%	99.9%	99.9%	Available May 2013

Data definition: We derive the percentage using a statistically valid sample of original SSNs assigned in the fiscal year. We divide the number of correctly assigned SSNs by the total number sampled. We consider the SSN assigned correctly when the individual:

- Did not receive an SSN that belongs to someone else;
- Did not receive more than one SSN, except where permitted; and
- Is eligible to receive an SSN based on supporting documentation.

Data source: Enumeration Quality Review

Strategic Objective 3.4

Make Our Administrative Operations Even More Efficient

STRATEGIES

- Use Technology to Achieve Savings
- Use Efficient Acquisition Strategies to Achieve Savings

We are committed to sound management practices. As responsible stewards, we continually review our business processes and use technology to make our operations more efficient. We continually seek new ways to efficiently use the approximately \$1 billion we spend annually to obtain mission-essential goods and services. For example, we saved approximately \$155 million in FY 2012 by negotiating with vendors and aggressively seeking discounts from contractors.

In accordance with Executive Order 13589, *Promoting Efficient Spending*, we:

- Identified ways to cut costs, where possible;
- Eliminated practices that were outdated or unnecessary; and
- Examined the key administrative areas targeted by the Executive Order.

Even prior to the issuance of the Executive Order, we took steps to reduce expenditures in many administrative areas and identified opportunities to promote efficient and effective spending.

We will continue to enhance the efficiency of our administrative operations by:

Increasing Use of Technology as an Alternative to Travel: We significantly increased the use of video hearings to reduce travel expenses, handle more hearings, transfer workloads between locations, and provide better service to claimants in remote areas.

We are also using technology to implement several new training methodologies, defined as Distance Learning, which allow training where space and time separate the students and instructor. Distance Learning can provide many training advantages, including:

- Increased timeliness;
- More widespread availability;
- Reduced travel cost;
- Consistency of instruction; and
- Fewer instructors.

In FY 2012, we reduced training travel costs through Distance Learning Technology, an initiative that replaced some face-to-face training with video training. In FY 2013 and FY 2014, we plan to offer Distance Learning training for employees, supervisors, and medical consultants through such technologies as Interactive Video Teletraining, Video on Demand (VOD), interactive simulations, and online lessons.

We continue to explore new technologies such as virtual conferences and video teleconferencing. Our Electronic Meeting Facility (EMF) facilitates workgroup sessions nationwide. Through both videoconferencing and FacilitatePro (a web-based collaborative meeting tool), participants are able to use the EMF virtually and face-to-face for training, workshops, presentations, brainstorming, etc. LiveMeeting, another technology, allows for training sessions or meetings for people who are not

geographically co-located. In FYs 2013 and 2014, we will continue to enhance our LiveMeeting capabilities by upgrading from Office Communications Server 2007 to Lync 2010.

Ensuring the Integrity of Our Annual Financial Statements: The Chief Financial Officers Act of 1990 requires our OIG or an independent external auditor, as determined by OIG, to audit our financial statements in accordance with applicable standards. We strive to obtain an unqualified audit opinion, which attests to the fair presentation of our financial statements and demonstrates our commitment to sound financial management practices. FY 2012 marked the 19th consecutive year we received an unqualified opinion on our financial statements.

Conducting Onsite Security Control and Audit Reviews: We will continue to conduct ongoing Onsite Security Control and Audit Reviews (OSCAR) in our offices. OSCAR ensures our offices follow established security policies and procedures and that management controls are in place to deter and detect waste, fraud, and abuse. We require office managers to submit a corrective action plan providing details on the actions they will take to correct any deficiency cited during the review. We monitor these corrective plans to ensure we address and resolve each deficiency.

Open Government: We are using the Open Government principles of transparency, participation, and collaboration to increase public knowledge of and trust in our programs and operations. In April 2012, after a period of public and employee engagement, we published our refreshed [Open Government Plan \(www.socialsecurity.gov/open/story-2012-04-09-open-government-plan2.html\)](http://www.socialsecurity.gov/open/story-2012-04-09-open-government-plan2.html). The plan describes major initiatives that we expect to accomplish from calendar year 2012 through 2014 and includes specific milestones. We will report on our accomplishments through our [Open Government portal \(www.socialsecurity.gov/open\)](http://www.socialsecurity.gov/open).

STRATEGIC GOAL 4:

Strengthen Our Workforce and Infrastructure

TO ACHIEVE THIS GOAL WE WILL

- Strengthen Our Workforce-Recruit, Train, Develop, and Retain Superior Employees
- Maintain Secure and Reliable Information Technology Services
- Increase Efficiency of Our Physical Infrastructure

We face many challenges in providing quality service to the public. Through the dedication and commitment of our employees and State partners, the DDSs, we have been able to sustain dedicated and compassionate public service. One of our challenges continues to be the loss of institutional knowledge due to the retirement of our employees. We must continue to find innovative ways to pass on institutional knowledge as our experienced employees leave.

Although we have a history of high productivity, process improvements alone cannot offset the significant increases in our workloads and loss of staff. To meet our service delivery challenge, we rely upon a large and complex information technology (IT) infrastructure, which includes very sensitive national databases, hundreds of software applications, large back-end computer platforms, and thousands of networked computers, printers, telephones, and other devices.

As the public we serve continues to become significantly more diverse, we are striving to ensure that our employees have the tools to work effectively with people of all age groups, educational levels, and cultural backgrounds. Our recruitment and retention efforts must attract a multi-generational, multi-cultural workforce with the competencies needed for our mission-critical positions. We must continue to make strategic investments in our employees for a strong and productive workforce that, when combined with investments in our IT and physical infrastructures, will equip our employees with the necessary tools to meet our challenges.

Strategic Objective 4.1

Strengthen Our Workforce-Recruit, Train, Develop, And Retain Superior Employees

STRATEGIES	<ul style="list-style-type: none"> ➤ Recruit and Retain a Highly-Skilled, Multi-Generational, and Multi-Cultural Workforce, Including Veterans, Individuals with Disabilities, and Bilingual Employees ➤ Sustain a Positive Work Environment that Values Diversity and Inclusion and Encourages Employee Innovation and Input ➤ Offer High-Value Learning and Leadership Development Opportunities ➤ Refresh Our Training and Technical Support Resources
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The landscape of the Federal workplace and workforce continues to change, as do the needs of the public that we serve. We must be prepared to meet 21st century business demands by having a diverse, highly-skilled, and agile workplace. Technological advances have changed the way the public conducts business with us. Technology has not only changed our service delivery methods, but our physical workplace as well. The advent of portable electronic work is changing our traditional business models.

We continue to face the challenge of maintaining a workforce that provides exceptional customer service to the American public. In FY 2011 and FY 2012 combined, we lost over 7,600 permanent employees. We anticipate that this trend will continue. Most of our losses are due to retirements. By 2015, we project that over 30 percent of our current workforce will be eligible to retire; by FY 2020, this projection will increase to over 40 percent. Although we are beyond the peak of our retirement wave, we expect employees to continue to retire at a steady rate, even as our workloads continue to remain high.

We are committed to creating an environment that fosters learning and develops talent. We have expanded our development programs so that we can seamlessly pass the leadership of our agency to a well-prepared generation of new leaders. While continuing to provide excellent training opportunities, we will also leverage technology to develop tools and methodologies that facilitate learning and address the various learning styles of the four generations of employees currently working in the agency. We use a blended learning delivery approach that achieves effective training.

We place a high value on diversity and inclusion to foster a workplace that draws from everyone's collective talents, respects individual differences, and leverages diversity throughout the agency. We seek to enable all employees to participate and contribute to their full potential while harnessing the innovation and creativity inherent to diversity. We will also continue to make special efforts to recruit a high-performing workforce that includes veterans and persons with disabilities, particularly our own beneficiaries in the Ticket to Work program.

We will strengthen our workforce through the following principles and activities:

Diversity and Inclusion (D&I): We have a long-standing record of being among the most diverse public sector Federal agencies. We continually strive to recruit, promote, and retain a highly-skilled, diverse workforce that draws from all segments of society. In FY 2012, we developed our D&I Strategic Plan that aligns with the government-wide D&I Strategic Plan and supports Executive Order 13583, *Establishing a Coordinated Government-Wide Initiative to Promote Diversity and Inclusion in the Federal*

Workforce. Our D&I Strategic Plan highlights proven best practices for attracting, hiring, and retaining a diverse workforce. It also describes how we foster a work environment that draws on our collective talents, respects individual differences, and leverages diversity. As a means of further sustaining our D&I commitment, we instituted a D&I Council with representation from all levels of the agency, including visible senior leadership.

Employment of Veterans and Individuals with Disabilities: We have long recognized the rich talent pool that exists among veterans and people with disabilities.

To maintain our high level of veteran and disabled hiring and employment, we established two operational plans to help integrate proven practices for recruitment, development, support, and retention into our ongoing human capital strategies: the Veterans Employment Initiative Operational Plan and the Increasing the Employment of Individuals with Disabilities Operational Plan. Both plans outline our long-term leadership commitment, skill development and employment, marketing and outreach, and access to information through information gateways.

Career Development Programs: Our Strategic Human Capital Plan focuses on developing leaders at all levels through comprehensive succession management developmental programs and an extensive array of challenging opportunities. Our National Career Development Programs are the primary mechanisms we use to identify and develop employees who demonstrate potential for becoming future agency leaders.

An example of our commitment to maintain programs that enhance leadership opportunities is our Senior Executive Service Candidate Development Program (SES CDP). The SES CDP is a key element of our succession management strategy for filling future executive-level leadership vacancies by maintaining a pool of highly-qualified, diverse candidates for future vacancies. We designed the SES CDP to identify, develop, and support a mobile, highly-skilled, and diverse cadre of individuals to ensure the continuity of executive leadership in the agency.

Safety and Security: The safety of our employees and visitors to our offices has always been our top priority. Due to a recent increase in security-related incidents and the overall nature of our face-to-face business model, we regularly remind our employees of our physical security policies and procedures. This information:

- Educates our employees;
- Encourages them to take an active role in making their work environment safe and secure; and
- Helps them identify, assess, and react to potentially problematic situations.

We are developing training to educate employees (especially first-level managers) on how to address difficult and dangerous workplace situations.

PERFORMANCE MEASURES – STRATEGIC OBJECTIVE 4.1

4.1a: Recruit and hire veterans and disabled veterans

Veteran Hiring

Fiscal Year	2013		2014	
Target	18% of total hiring		18% of total hiring	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	15.07%	17.33%	26.72%	36.78%

Disabled Veteran Hiring

Fiscal Year	2013		2014	
Target	15% of total hiring		15% of total hiring	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	7.50%	8.72%	13.59%	15.49%

Data definition for Veteran Hiring: For a given fiscal year, the percentage of overall permanent hires who are veterans (e.g., an employee who has been discharged or released from active duty in the armed forces under honorable conditions and has a 5-point or 10-point veterans' preference).

Data definition for Disabled Veteran Hiring: For a given fiscal year, the percentage of overall permanent hires who are disabled veterans (e.g., an employee who has been discharged or released from active duty in the armed forces under honorable conditions and has a 10-point preference due to a service-connected disability.) This category is a subset of the overall veterans hiring statistic.

Data includes full-time permanent and part-time permanent employees only.

Data source: Human Resources Operational Data Store

4.1b: Employ individuals with targeted disabilities

Fiscal Year	2013		2014	
Target	2.00%		2.00%	
Historical Performance				
Fiscal Year	2009	2010	2011	2012
Performance	2.02%	1.99%	1.99%	1.99%

Data definition: The percentage of the on-duty workforce, as of the end of the fiscal year (September 30), who self-identified as an individual with a targeted disability (e.g., an employee who has self-identified with one or more of the following physical or mental impairments: deafness, blindness, missing extremities, partial paralysis, complete paralysis, epilepsy, severe intellectual disability, psychiatric disability, and dwarfism).

Data include full-time permanent and part-time permanent employees only.

Data source: Human Resources Operational Data Store

4.1c: Conduct mandatory employee training on diffusing difficult encounters with the public

Fiscal Year	2013	2014
Target	Complete development of the safety and security training curriculum and finalize training products	Train 100% of employees
Historical Performance		
Fiscal Year	2012	
Performance	Identified existing training and developed internal website	

Data definition: The percentage of new and existing employees trained on safety and security measures when encountering irate and aggressive customers. We will train front-line employees first.

Data source: Safety and Security Website, Content Management System, and the Learning Management System

Strategic Objective 4.2

Maintain Secure and Reliable Information Technology Services

STRATEGIES	<ul style="list-style-type: none"> ➤ Complete Infrastructure Changes to Restore National IT Operations Within One Day in the Event of a Disaster Affecting Either of Our Two Data Centers ➤ Use Advanced Cyber-Security Tools and Techniques to Protect Our Data and Systems ➤ Utilize Proven New Technologies to Improve IT Cost, Performance, and Data Loss Risk ➤ Incrementally Modernize Our Older Software Applications Based on Business Opportunity and Technical Risk ➤ Maintain Systems Performance While Transitioning to Our New Data Center
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Our IT infrastructure includes investments in computer hardware and software, telecommunications, data, and the processes by which we manage this technology. Our robust IT infrastructure enables high workforce productivity and public satisfaction in the services we offer. We design and implement cost-effective IT solutions in the face of budget constraints, growth in IT demand and services, cyber-security risks, and technology obsolescence that occurs as the technology industry changes.

Continued investments in our IT infrastructure will ensure that we will maintain secure and reliable technology services for our workforce and the public we serve. We will implement several strategies to strengthen both our day-to-day operations and ongoing technology modernization efforts.

We will maintain secure and reliable IT services by:

Enhancing Our Infrastructure: In FY 2012, we completed infrastructure changes to restore national IT operations within one day in the event of a disaster affecting either of our two data centers. We test our critical system recovery processes on an annual basis. We plan to continue to conduct disaster recovery exercises in accordance with Federal regulations.

Over the next several years, we will implement several technologies including high-speed disk replication, dynamic load balancing with high bandwidth connectivity between data centers, increased data center capacity, and automatic failover and staging systems.

Protecting Our Systems and Data: We will continue to strengthen our information security program to meet the standards and requirements of the 2002 Federal Information Security Management Act by training our employees and implementing effective cyber-security technologies. In FY 2012, we instituted agency-wide mandatory online systems security awareness training. In FY 2013 and FY 2014, we plan to expand and enrich the current cyber-security training curriculum and increase training opportunities.

We also continue to deploy new tools and techniques to enhance protection of our data, systems, and business processes. In FY 2013, we will complete deployment of a Data Loss Prevention tool to strengthen our systems protections. We will continue to mature our security processes and enhance our security posture.

Improving IT Cost and Performance: We use proven new technologies to lower IT cost and improve performance. As part of our capital planning and investment control processes, we evaluate the cost of IT projects in terms of their return on investment. We appropriately adopt new technologies, which provide stable and high-performing environments. In FY 2012, we significantly upgraded the capacity and performance of our mainframe systems to cost effectively address rapidly increasing workload demands.

Concurrently, we continued virtualizing and consolidating our server-based open systems platform to reduce the number of physical servers being maintained in our data centers. Together, these initiatives increase our ability to manage cost-effectively current workloads, as well as projected increases in workload and service demands. These initiatives also contribute to reducing electrical power and cooling demands in the data centers. Finally, consolidation of the open systems infrastructure significantly improves our use of resources, reducing per-workload costs of the platform.

Modernizing Older Software Applications: We will continue to incrementally modernize our older software applications based on business opportunity and technical risks. We evaluate current software applications to ensure they meet strategic business goals and conform to our Enterprise Architecture plans. These evaluations identify applications to retire, renovate, or maintain. In FY 2012, we began modernizing our Visitor Intake Process (VIP) application, which tracks all field office appointments, monitors visitor information, tracks employee availability, and provides a wealth of statistical data. We began to rollout these enhancements in September 2012 and expect to complete rollout in FY 2013. We are also progressively increasing the number of open software applications in use. Open software uses industry standard protocols to ensure the software operates across all of our supported development environments.

We are committed to building systems that interoperate using standards-based services. Basing these systems on industry standard protocols ensures interoperability across all of our supported development environments. We will also look for opportunities to expand our set of sharable service components to support reusability and promote interoperability. In August 2012, we began piloting an Enterprise Social Media initiative to test a cloud-based shared services environment. Based on positive feedback, we plan to continue the pilot in FY 2013, provided funding is available. We also began implementation of a geospatial architecture shared service as a central resource for geospatial tools and common geospatial data.

Maintaining Systems Performance While Transitioning to Our New National Support Center (NSC): As we prepare for the move to our new NSC in 2015, our multi-year strategy to incorporate industry-standard storage technologies and architecture models to enhance the capacity, flexibility, and agility of our information storage infrastructure includes:

- Isolating our pre-production and network environments from our core computing environment;
- Reducing the number of operating systems we support;
- Implementing additional virtualization technologies wherever technically feasible and cost-effective; and
- Configuring tiered architectures to meet application cost and performance requirements.

Continued technological advancements and improvements required for the NSC's completion will put us in a more favorable position to maintain world-class operations for the American public.

PERFORMANCE MEASURE – STRATEGIC OBJECTIVE 4.2

4.2a: Percentage of enterprise-wide systems availability

Fiscal Year	2013		2014			
Target	99.50%		99.50%			
Historical Performance						
Fiscal Year	2010		2011		2012	
Performance	99.84%		99.89%		99.95%	

Data definition: We define enterprise availability as a weighted total availability of service channel mission-critical applications for all our customers. We consider an application available when the end user can perform all business functions within the application with reasonable response times. The weighting takes into account the relative impact that an outage could have on our customers, considering both the functionality and the service hours that are potentially affected. Six different service channels (online, DDS eDib, Internet, telephone, data exchange, and weekend online services) and accompanying applications are included.

Mission critical services in our Enterprise Availability include:

- Self-service Internet benefits applications;
- Automated telephone menu data applications;
- Email and case processing systems used by our direct support staff, or by our partnering State DDS staff; and
- Data exchange systems used by our governmental or business partners.

Data source: HP OpenView ServiceCenter (Data is limited to Critical Application Severity 1 outages.)

Note: Severity 1 outages are the highest priority for problem classification

Strategic Objective 4.3

Increase Efficiency of Our Physical Infrastructure

STRATEGIES	<ul style="list-style-type: none"> ➤ Implement Green Solutions that Improve Our Environment and Make Our Operations More Efficient ➤ Improve Real Property Management and Optimize Maintenance Costs ➤ Increase Oversight of Space Acquisition Activities to Ensure Cost-Conscious Decision Making, Taking Telework Opportunities into Consideration ➤ Continue to Redesign and Equip Our Offices to Enhance Security and Privacy and Foster Employee Satisfaction and Productivity
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We strive to provide a professional, safe, and secure environment for our workforce and the public. We also have a responsibility to conduct business in an efficient, economical, and environmentally-responsible manner. We are analyzing opportunities to generate savings by minimizing waste and reducing energy consumption. To meet these responsibilities, we recycle and purchase energy-efficient lighting, electronics, and appliances. We also include sustainable acquisition language in agency contracts. We began these practices before the release of Executive Order 13423, *Strengthening Federal Environment, Energy, and Transportation Management*, which directed Federal agencies to improve their environmental, energy, and transportation processes. We continue to seek opportunities to generate savings by minimizing waste and reducing energy consumption.

In support of Executive Order 13423 and Executive Order 13514, *Federal Leadership in Environmental, Energy, and Economic Performance*, we replaced 100 percent of our gasoline vehicles eligible for replacement with alternative fuel or low greenhouse gas emissions vehicles. As a result, for FY 2011, the Department of Energy ranked us second among Federal agencies for alternative fuel consumption and fifth in reducing petroleum consumption.

We continue to find new and innovative ways to expand our “green” programs and use “green” solutions to improve our environment. Executive Orders 13423 and 13514 set forth ambitious energy and water conservation goals. We will track our progress using SSA’s Environmental Management System developed in August 2012.

We will increase the efficiency of our physical infrastructure by:

Greening Our Fleet: We developed a Greenhouse Gas Reduction Goal and Sustainability Performance Plan to meet the requirements of Executive Order 13514. To further our sustainable practices, we will increase our purchase of renewable energy. One hundred percent of our new vehicle purchases are alternative fuel vehicles. Nationwide, we converted over 70 percent of our light-duty vehicles to alternative fuel vehicles, and at our headquarters, we converted 94 percent of these vehicles.

We will continue to meet the Executive Order requirements to increase consumption of alternative fuels by 10 percent and reduce petroleum consumption by 2 percent annually. We continue to allow other Federal agencies to access alternative fuel pumps that we have installed. In FY 2013 and FY 2014, we plan to purchase additional “green” electric-powered utility trucks used for transporting materials between buildings at our headquarters complex.

Recycling and Redesign Waste: In FY 2012, we implemented single-stream recycling at our headquarters complex. We continue to conduct research and consider additional options for expanding our recycling program, such as deploying new recycling stations in high-visibility areas having more foot traffic.

Purchasing and Managing Environmentally-Sound Electronics: We purchase desktop computers, laptops, and monitors that the Electronic Product Environmental Assessment Tool rates as silver or better. We implemented power management on desktop and laptop computers, allowing computers to revert to the “sleep” mode during periods of inactivity, thereby reducing power usage and greenhouse gas emissions. In FY 2013 and FY 2014, we will continue our efforts to purchase and manage environmentally-friendly electronics.

Converting to Sustainable, “Green” Energy Sources: We will comply with General Services Administration guidelines by continuing to explore sustainable energy sources (e.g., solar, wind), and, where economically feasible, we will meet energy efficiency standards. For example, we are currently reviewing contracts for installation of electrical meters at our headquarters complex, which will allow us to determine the most effective use of power.

PERFORMANCE MEASURE – STRATEGIC OBJECTIVE 4.3

4.3a: Reduce energy intensity by 30 percent by 2015

Fiscal Year	2013		2014	
Target	7% reduction from FY 2003		10% reduction from FY 2003	
Historical Performance				
Fiscal Year	2010	2011	2012	
Performance	5.6%	1.8%	13.3%	

Data definition: Energy intensity is energy consumption per square foot of building space. Executive Order 13514 requires agencies to improve energy efficiency and reduce greenhouse gas emissions through reduction of energy intensity by 30 percent by the end of FY 2015 as it relates to the baseline of the agency’s energy use in FY 2003. We measure the decrease in energy consumption for each fiscal year against the FY 2003 usage baseline.

Data source: Department of Energy Federal Energy Management Program Greenhouse Gas Reduction Inventory

Note: The targets shown in the Annual Performance Plan (APP) may differ from the targets shown in the Strategic Sustainability Performance Plan (SSPP) due to the availability of updated information in the SSPP that revises projections found in the APP.

Appendix A

Priority Goals

We have identified three agency Priority Goals in response to the President's challenge for Federal agencies to cut waste, save money, and deliver better service. These goals support our overarching strategic goals set forth in our [FY 2013 – 2016 Agency Strategic Plan \(www.socialsecurity.gov/asp/plan-2013-2016.pdf\)](http://www.socialsecurity.gov/asp/plan-2013-2016.pdf). Our Priority Goals are ambitious goals set for a 24-month period; they do not change regardless of how the budget or economic conditions change in that period. We regularly review our progress and take necessary actions to improve our outcomes and reduce costs.

Priority Goals	Strategies to Achieve Priority Goals	Goal Leader
Faster hearing decisions By the end of FY 2013, we will reduce the average time for a hearing decision from 345 days at the end of FY 2011 to 270 days. (Refer to performance measure 1.1c, Minimize average wait time from hearing request to decision, on page 14)	<ul style="list-style-type: none"> • Increase our use of automation • Identify and standardize best practices in our business processes • Test a variety of models to determine the most efficient methods of doing our work 	Don Hartline Deputy Associate Commissioner, Office of Budget, Facilities and Security, Office of Disability Adjudication and Review
Reduce Supplemental Security Income (SSI) overpayments By the end of *FY 2013, we will increase our SSI overpayment accuracy rate from 93.3 percent at the end of FY 2010 to 95 percent. *FY 2013 data will not be available until April 2014. (Refer to performance measure 3.1c, Percent of SSI payments free of overpayment and underpayment error, on page 45)	<ul style="list-style-type: none"> • Increase the volume of our program integrity workload • Pursue new initiatives and program improvements to the extent funding is available 	Joanne Gasparini Executive Lead for Improper Payments, Office of Quality Performance

Priority Goals	Strategies to Achieve Priority Goals	Goal Leader
<p>Increase use of our online services</p> <p>By the end of FY 2013, we will increase our online filing rates from 36 percent at the end of FY 2011 to 48 percent.</p> <p>(Refer to performance measure 2.1a, Increase the percentage of claims filed online, on page 30)</p>	<ul style="list-style-type: none"> • Educate the public on the availability and ease of use of our online services. We will do this through: <ul style="list-style-type: none"> • Marketing • Public Outreach • Advocacy Discussions • Incorporate public feedback to improve our online service delivery • Increase the information available to the public online • Implement new online services • Enhance existing online services to make them easier and more user-friendly 	<p>Roy Snyder Associate Commissioner, Office of Electronic Services, Office of Operations</p>

Further, in response to the President's challenge to create a more effective, efficient, innovative, and responsive Government, the Office of Management and Budget established Federal Priority Goals. These goals supplement Government-wide management improvement goals and agency Priority Goals. For information on Federal Priority Goals and our contributions to those goals, visit the [Office of Management and Budget's performance portal \(www.Performance.gov\)](http://www.Performance.gov). The [President's Budget \(www.whitehouse.gov/omb/budget\)](http://www.whitehouse.gov/omb/budget) identifies the lower-priority program activities, as required under the Government Performance and Results Act Modernization Act of 2010, 31 U.S.C. 1115(b)(10).

Appendix B

FY 2013 Major Evaluations

We routinely evaluate our programs by conducting a variety of studies and surveys to determine if our programs are effective. We continue to build on our collection of program data, research, and analyses to identify our program strengths and weaknesses. We use information from program evaluations to develop strategies to address the major challenges we face and to improve the day-to-day administration of our programs. We complete many of our evaluations annually while others may be one-time efforts.

STRATEGIC GOAL 1 – DELIVER QUALITY DISABILITY DECISIONS AND SERVICES	
EVALUATION	DESCRIPTION
Disability Scorecard Survey	In alternate years, the surveys gather perceptions at the initial or hearing level of the disability application process. The FY 2013 survey will focus on the hearing-level process.
Evaluation of Mathematica Policy Research (MPR) Study	Assesses the findings of the final MPR study conducted to evaluate the effects of the 2008 Ticket to Work regulations.
Office of Quality Performance Denial Review	Assesses the accuracy of initial and reconsideration-level medical denials.
Quality Review Assessment of Administrative Law Judge (ALJ) Hearing Decisions	Assesses the accuracy of ALJ hearing decisions on a post-effectuation basis.
Quality Review Assessment of Senior Attorney Advisor Disability Decisions	Assesses the accuracy of fully favorable non-ALJ (i.e., Attorney Adjudicators) hearing decisions.

STRATEGIC GOAL 2 – PROVIDE QUALITY SERVICES TO THE PUBLIC	
EVALUATION	DESCRIPTION
Field Office Telephone Service Evaluation	Evaluates our accuracy in handling the publics' calls to field offices.
National 800 Number Telephone Service Evaluation	Evaluates our accuracy in handling the publics' calls to the National 800 Number.
Online Authentication Survey	Surveys people who visited a field office to authenticate for <i>my Social Security</i> services.
Overall Service Satisfaction Surveys	<ul style="list-style-type: none"> Telephone Service Satisfaction Surveys evaluate callers' satisfaction with our National 800 Number and field office telephone services; Office Visitor Surveys evaluate visitors' satisfaction with our field offices (including Social Security Card Centers) and hearing offices; and Internet Transaction Surveys evaluate users' satisfaction with online transactional services.
Prospective Client Survey	Surveys people between ages 50 and 64 to identify service expectations and preferences of the upcoming wave of retirees.

STRATEGIC GOAL 3 – PRESERVE THE PUBLIC'S TRUST IN OUR PROGRAMS	
EVALUATION	DESCRIPTION
Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds	Reports annually to Congress on the financial and actuarial status of the two Social Security trust funds – the Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund.
Annual Report of the Supplemental Security Income (SSI) Program	Reports annually to the President and Congress on the status of the SSI program and provides 25-year projections of program participation and costs.

STRATEGIC GOAL 3 – PRESERVE THE PUBLIC’S TRUST IN OUR PROGRAMS (CONTINUED)	
EVALUATION	DESCRIPTION
Annual Report to Congress on Continuing Disability Reviews (CDR)	A legislatively-mandated report that provides summary information on CDRs conducted for a completed fiscal year, including actuarial estimates of the lifetime savings in Old Age Survivors and Disability Insurance, SSI, Medicare, and Medicaid benefits resulting from the reviews conducted during that fiscal year.
Enumeration Quality Review	Assesses the accuracy of original Social Security numbers assigned during the fiscal year.
Pre-effectuation Review of Disability Determinations	Assesses the accuracy of disability initial and reconsideration allowances made by State DDSs as required in the Social Security Act.
Retirement, Survivors, and Disability Insurance Stewardship Review	Measures the accuracy of payments to persons receiving Social Security retirement, survivors, or disability benefits.
Safeguard Activity Report	Advises the Internal Revenue Service (IRS) of minor changes to procedures or safeguards described in the Safeguard Procedure Report.
Safeguard Review	Evaluates the use of Federal tax information and the measures we employ to protect this information. This review is an onsite evaluation completed in collaboration with the IRS.
Safeguard Procedures Report	Details the security measures we are taking to ensure the confidentiality of the Federal tax information provided to us by the IRS.
SSI Stewardship Review	Measures the accuracy of payments to persons receiving SSI benefits.

STRATEGIC GOAL 4 – STRENGTHEN OUR WORKFORCE AND INFRASTRUCTURE	
EVALUATION	DESCRIPTION
Federal Employee Viewpoint Survey (Formerly the Annual Employee Survey/Federal Human Capital Survey)	Assesses employee perspectives of organizational performance across several major human capital areas: recruitment, development, performance culture, leadership, job satisfaction, and personal work experiences.
Federal Information Security Management Act Report	Reports to Congress whether our overall IT security programs and practices comply with the Federal Information Security Management Act of 2002.
Human Capital Accountability System	Monitors and evaluates the results of our human capital strategies, policies, and programs, as well as our adherence to merit system principles, including cyclical Human Resources Management and Delegated Examining Unit Assessments of components across the agency and an annual Human Capital Management Report.
Management Directive 715	Provides policy guidance and standards for establishing and maintaining effective affirmative action programs.
New Hire Survey	Monitors employee perspectives on recruitment, hiring, on-boarding, and training activities.
Office of Civil Rights and Equal Opportunity Quality Assurance Program	Assesses the effectiveness of our Equal Employment Opportunity programs and our compliance with regulatory requirements, policy, and directives.

Appendix C

How We Manage Performance

The Government Performance and Results Act of 1993, as amended by the Government Performance and Results Act Modernization Act of 2010 (GPRAMA), provides a foundation for performance planning, reporting, and budgeting. GPRAMA requires each Federal agency to prepare an Annual Performance Plan (APP) outlining how it will use the budget to achieve its mission. In our APP, we established high-level, agency-wide performance measures and targets linked directly to the strategic goals in our Agency Strategic Plan (ASP):

- Goal 1 – Deliver Quality Disability Decisions and Services;
- Goal 2 – Provide Quality Services to the Public;
- Goal 3 – Preserve the Public’s Trust in Our Programs; and
- Goal 4 – Strengthen Our Workforce and Infrastructure.

Our FY 2014 APP outlines our performance measures and targets. These measures provide a balanced view of overall agency performance, which we achieve through close coordination among our executive leadership and with local, State, and other Federal agencies and stakeholders. Previously, we have reported our actual performance each year in our Performance and Accountability Report (PAR). We will report our FY 2013 actual performance in the Annual Performance Report (APR) that we will publish in February 2014.

This APP, modeled after our ASP, conforms to the following hierarchy:

- Strategic Goal – Our four strategic goals reflect the Commissioner’s key priorities and provide a roadmap to achieving our mission.
- Strategies – Our strategies represent what we plan to achieve over the span of our ASP.
- Strategic Objective – Our 14 strategic objectives articulate what we want to achieve.
- Performance Measure – Our 35 performance measures gauge our progress towards achieving our strategic objectives and goals.
- Performance Target – Our targets indicate the level of performance we expect to achieve each year.

To effectively and efficiently carry out our mission, we use a mixture of output and outcome-oriented performance measures to assist our executive leadership in their decision making. We consistently review progress, overall trend data, and the likelihood of meeting planned performance levels. Quarterly data-driven management reviews ensure that executives regularly assess agency performance on top priorities and make changes if necessary.

Our executive leadership receives an Agency Tracking Report monthly. The report uses a “stop light” approach to display the status of monthly progress towards achieving performance targets established at the beginning of the fiscal year. The report helps executives quickly diagnose potential problem areas and take corrective action. The executive responsible for an underperforming measure provides a brief explanation of why performance is below expectation and possible solutions for the underperformance. We will ensure the accuracy, credibility, and reliability of the data used to measure progress towards our performance goals.

Social Security Administration Data Integrity Systems and Controls: We generate performance data for the APP's quantifiable measures, including the budgeted output measures, through automated management information and workload measurement systems as a by-product of programmatic and administrative operations. The performance data for several accuracy and public satisfaction indicators comes from surveys and workload samples designed to achieve very high levels of statistical validity (usually 95 percent confidence level).

Our Office of Quality Performance (OQP) performs stewardship reviews, which are the primary measure of quality of the Old Age Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. Review findings provide the basis for reports to Congress and other monitoring authorities. The reviews provide an overall accuracy measurement of payments to all beneficiaries currently on the rolls. We base the reviews on a monthly sample selection from the payment rolls consisting of beneficiaries or recipients receiving a payment in the sample month. For each sampled case, we interview the beneficiary, recipient, or representative payee, make collateral contacts as needed, and redevelop all non-medical factors of eligibility as of the sample month.

OQP's transaction accuracy reviews (TAR) focus on field office (FO) and processing center quality and measure operational compliance with procedural requirements, as defined by the Program Operations Manual System (POMS). When we did not follow POMS instructions and the case needs further development, OQP completes the required development to bring the issue in question into compliance with POMS and determines whether the payment is affected. If an error is apparent and does not require further development, the OQP reviewer cites an error and determines whether the payment is affected.

We provide feedback about quality to the adjudicating FO in all cases. In fiscal year (FY) 2011, the TAR sample included approximately 3,850 OASDI cases and 8,300 SSI cases. These reviews produced national data on the adjudicative quality of OASDI claims and SSI claims, redeterminations, and limited issue reviews processed that year. Limited issue reviews develop only a specific issue or event, unlike a full redetermination that addresses all payment and eligibility factors. Please note that in FY 2011, we reduced the OASDI TAR sample to 3,850 cases from approximately 8,800 cases in FY 2010 and added a validation review of policy that streamlined issues such as proof of age, citizenship, and month of election. The results of this review will provide us with data to validate whether or not the new streamlined procedures achieve the desired outcome.

We issue an annual TAR report covering the entire fiscal year. We also generate analytical reports focusing on specific subject areas. Based on TAR findings, we perform targeted reviews focusing on specific problems that we identify and for which we test solutions at the national or regional level. Targeted samples may not be limited to a POMS compliance standard, depending on the nature of the issue.

Program Performance Report: Beginning in FY 2013, we will issue an APR to provide information on our progress in achieving the goals and objectives described in our ASP and APP, including progress on our Priority Goals. We will also issue an Annual Financial Report (AFR), which will contain highlights of our key performance goals and results. The AFR will also contain the results of our financial statement and internal controls audit by an independent accounting firm.

Role of SSA's Office of the Inspector General (OIG): OIG improves our programs and operations and protects them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. OIG provides timely, useful, and reliable information and recommendations to Administration officials, Congress, and the public. OIG also oversees the financial statement audit performed by an independent accounting firm.

In terms of data integrity, OIG completes audits of selected performance measures and the performance data that supports them. In FY 2012, OIG contracted with KPMG LLP, an independent auditing firm, to review the following three performance indicators (PI): SSI payments free of overpayment and underpayment error; OASDI payments free of overpayment and underpayment error; and individuals who do business with us rating our overall services. The objectives of the reviews were to:

- Comprehend and document the sources of data collected to report on the specified PIs.
- Identify and test critical controls (both electronic data processing and manual) of systems from which the specified performance data were gathered.
- Test the adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data for each of the specified PIs.
- Recalculate each measure to ascertain its accuracy.

For the three measures reviewed, KPMG did not identify any significant findings related to the internal controls, adequacy, accuracy, reasonableness, completeness, and consistency of the underlying data.

Appendix D

Agency Challenges

Our programs provide a safety net for the public and contribute to increased financial security for the elderly and disabled. Each month, we pay more than \$65 billion in benefits to over 61 million beneficiaries. These benefits not only provide a lifeline to our beneficiaries and their families, but are also vital to the Nation's economy.

In the chart below, we show the major challenges we face as we look toward the future. We align the Commissioner's priorities with the [OIG identified top issues facing our management](http://oig.ssa.gov/audits-and-investigations/top-ssa-management-issues) (<http://oig.ssa.gov/audits-and-investigations/top-ssa-management-issues>). In addition, we identify the performance measures that help us gauge progress toward resolving these challenges, as well as show our official responsible for resolving them. For a detailed description of how we address these challenges, see pages 11–63.

OIG Major Management Challenges	Strategic Goals and Performance Measures to Address Challenges with Responsible Official
<p>Reduce the Hearings Backlog and Prevent Its Recurrence</p> <p>Improve the Timeliness and Quality of the Disability Process</p> <p>Strengthen Strategic and Tactical Planning</p>	<p>Strategic Goal 1 – Deliver Quality Disability Decisions and Services</p> <p><u>Deputy Commissioner for Disability Adjudication and Review (DCDAR)</u></p> <ul style="list-style-type: none"> • 1.1a Complete the budgeted number of hearing requests • 1.1b Achieve the budgeted goal for SSA hearing case production per workyear • 1.1c Minimize average wait time from hearing request to decision • 1.1d Eliminate the oldest pending hearing requests • 1.1e Reduce the percentage of Appeals Council cases pending 365 days or over <p><u>Deputy Commissioner for Operations (DCO)</u></p> <ul style="list-style-type: none"> • 1.2a Minimize average wait time for initial disability claims • 1.2b Complete the budgeted number of initial disability claims • 1.2c Disability Determination Services cases production per workyear • 1.2d Complete the budgeted number of disability claims at the reconsideration level • 1.2e Achieve the target number of initial disability claims pending • 1.2f Achieve the target number of disability claims pending at the reconsideration level • 1.2g Minimize average wait time for reconsideration disability claims • 1.2k Disability Determination Services decisional accuracy rate for initial disability decisions <p><u>Deputy Commissioner for Retirement and Disability Policy (DCRDP)</u></p> <ul style="list-style-type: none"> • 1.2h Update the medical Listing of Impairments • 1.2j Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned and in use, who work • 1.3a Achieve the target percentage of initial disability cases identified as Quick Disability Determinations or Compassionate Allowances <p><u>Deputy Commissioner for Systems (DCS)</u></p> <ul style="list-style-type: none"> • 1.2i Increase the percentage of disability cases evaluated using health Information Technology

OIG Major Management Challenges	Strategic Goals and Performance Measures to Address Challenges with Responsible Official
<p>Improve Customer Service</p>	<p>Strategic Goal 2 – Provide Quality Services to the Public</p> <p><u>DCO</u></p> <ul style="list-style-type: none"> • 2.1a Increase the percentage of claims filed online • 2.1b Complete the budgeted number of retirement, survivors, and Medicare claims • 2.2a Achieve the target speed in answering National 800 Number calls • 2.2b Achieve the target busy rate for National 800 Number calls <p><u>Deputy Commissioner for Quality Performance (DCQP)</u></p> <ul style="list-style-type: none"> • 2.2c Maintain the percent of people rating our services as “excellent,” “very good,” or “good” <p><u>DCDAR</u></p> <ul style="list-style-type: none"> • 2.3a Complete the planned number of video hearings
<p>Reduce Improper Payments and Increase Overpayment Recoveries</p> <p>Strengthen the Integrity and Protection of the Social Security number</p> <p>Improve Transparency and Accountability</p>	<p>Strategic Goal 3 – Preserve the Public’s Trust in Our Programs</p> <p><u>DCO</u></p> <ul style="list-style-type: none"> • 3.1a Complete the budgeted number of Supplemental Security Income non-disability redeterminations • 3.3a Reduce the percentage of paper Forms W-2 completed • 3.3b Achieve the target percentage for correctly assigning original Social Security numbers <p><u>DCO and DCQP</u></p> <ul style="list-style-type: none"> • 3.1b Complete the budgeted number of full medical continuing disability reviews <p><u>DCQP</u></p> <ul style="list-style-type: none"> • 3.1c Percent of Supplemental Security Income payments free of overpayment and underpayment error • 3.1d Percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error <p><u>Deputy Commissioner for Budget, Finance and Management (DCBFM)</u></p> <ul style="list-style-type: none"> • 3.2a Expand and enhance our debt collection tools

OIG Major Management Challenges	Strategic Goals and Performance Measures to Address Challenges with Responsible Official
Invest in Information Technology Infrastructure to Support Current and Future Workloads	<p>Strategic Goal 4 – Strengthen our workforce and infrastructure</p> <p><u>Deputy Commissioner for Human Resources (DCHR)</u></p> <ul style="list-style-type: none"> • 4.1a Recruit and hire veterans and disabled veterans • 4.1b Employ individuals with targeted disabilities <p><u>DCS</u></p> <ul style="list-style-type: none"> • 4.2a Percentage of enterprise-wide systems availability <p><u>DCBFM</u></p> <ul style="list-style-type: none"> • 4.1c Conduct mandatory employee training on diffusing difficult encounters with the public • 4.3a Reduce energy intensity by 30 percent by 2015

Appendix E

Changes to Performance Measures, Data Definitions, and Data Sources

PERFORMANCE MEASURE ESTABLISHED IN FY 2013	
Number	Performance Measure Title
1.2g	Minimize average wait time for reconsideration disability claims

PERFORMANCE MEASURE ELIMINATED IN FY 2013	
Receive an unqualified audit opinion on SSA's financial statements	We discuss our commitment to ensuring the financial integrity of our annual financial statements on page 53

CARRYOVER PERFORMANCE MEASURES WITH TITLE CHANGES		
Number	FY 2013 New Title	FY 2012 Old Title
1.1b	Achieve the budgeted goal for SSA hearing case production per workyear	Achieve the budgeted goal for SSA hearings case production per workyear
1.2a	Minimize average wait time for initial disability claims	Minimize average processing time for initial disability claims
1.2j	Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned and in use, who work	Number of Disability Insurance and Supplemental Security Income disability beneficiaries, with Tickets assigned who work
1.2k	Disability Determination Services decisional accuracy rate for initial disability decisions	Improve Disability Determination Services decisional accuracy rate for initial disability decisions
3.1d	Percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error	Maintain percent of Old-Age, Survivors, and Disability Insurance payments free of overpayment and underpayment error

CARRYOVER PERFORMANCE MEASURES WITH DATA SOURCE CHANGES		
Number	FY 2013 New Data Source	FY 2012 Old Data Source
1.2a	DENVision National Processing Time Tracker sourced by Social Security Unified Measurement System Old-Age, Survivors, and Disability Insurance (OASDI) and SSI Processing Time	Chicago Claims Goals Report sourced by Social Security Unified Measurement System Title II and Title XVI Processing Time
1.3a	Management Information Disability	Executive and Management Information System and Management Information Disability
2.2a	Data generated by Cisco Intelligent Contact Management system	Report generated by Cisco router software
2.2b	Data generated by Cisco Intelligent Contact Management system	Report generated by Cisco router software
4.1c	Safety and Security Website, Content Management System, and the Learning Management System	Safety and Security Website and the Learning Management System
4.2a	HP OpenView ServiceCenter (Data is limited to Critical Application Severity 1 outages.)	Change, Asset, and Problem Reporting System (Data is limited to Critical Application Severity 1 outages.)

CARRYOVER PERFORMANCE MEASURES WITH DATA DEFINITION CHANGES		
Number	FY 2013 New Data Definition	FY 2012 Old Data Definition
1.1b	The average number of hearings completed per direct workyear used. A direct workyear represents actual time spent processing cases. It does not include time spent on training, ALJ travel, leave, holidays, etc.	This indicator represents the average number of hearings completed per direct workyear used. A direct workyear represents actual time spent processing cases. It does not include time spent on training, ALJ travel, leave, holidays, etc.
1.1c	The average wait time for hearing request dispositions is the cumulative wait time for all hearing requests completed during the last month of the fiscal year divided by the total number of hearing requests completed during the last month of the fiscal year.	The average processing time for hearing request dispositions is the cumulative processing time for all hearing requests completed during the last month of the fiscal year divided by the total number of hearing requests completed during the last month of the fiscal year.

CARRYOVER PERFORMANCE MEASURES WITH DATA DEFINITION CHANGES		
Number	FY 2013 New Data Definition	FY 2012 Old Data Definition
1.1e	The percentage of Appeals Council cases that are pending 365 days or over at the end of the fiscal year. The percentage is derived by dividing the total number of Appeals Council cases pending 365 days or over at the end of the fiscal year by the total number of Appeals Council cases pending at the end of the fiscal year.	The percentage of oldest Appeals Council cases pending. The oldest Appeals Council cases are those cases that are pending, or will be pending, 365 days or over at the end of the fiscal year. The percentage is derived by dividing the total number of Appeals Council cases pending 365 days or over at the end of the fiscal year by the total number of Appeals Council cases pending at the end of the fiscal year.
1.2a	The average wait time is the overall cumulative number of elapsed days (including processing times for transit, technical determinations, medical determinations, and quality review) from the date of filing through the date payment is made or the denial notice is issued for all initial claims that require a medical determination. We divide the total number of days to complete all initial disability claims requiring a medical determination by the total number of initial disability claims requiring a medical determination that we complete during the fiscal year.	The average processing time is the overall cumulative number of elapsed days (including processing times for transit, technical determinations, medical determinations, and quality review) from the date of filing through the date payment is made or the denial notice is issued for all initial claims that require a medical determination. The total number of days to process all initial disability claims requiring a medical determination is divided by the total number of initial disability claims requiring a medical determination that we process during the fiscal year.
1.2c	The average number of all State DDS cases produced per workyear expended. A workyear represents both direct and indirect time, including overhead (time spent on training, travel, leave, holidays, etc.). It includes the time of staff on the DDS payroll, including doctors under contract to the DDS. The DDS case production per workyear is a national target.	The average number of all State DDS cases produced per workyear expended. A workyear represents both direct and indirect time, including overhead (time spent on training, travel, leave, holidays, etc.). It is inclusive of all staff on the DDS payroll, including doctors under contract to the DDS. The DDS case production per workyear is a national target.
1.2e	The number of Social Security and SSI initial disability claims pending in the State DDS and other agency components at the end of the fiscal year.	The number of Social Security and SSI initial disability claims pending in the State DDS and other agency components in the current fiscal year.

CARRYOVER PERFORMANCE MEASURES WITH DATA DEFINITION CHANGES		
Number	FY 2013 New Data Definition	FY 2012 Old Data Definition
1.2f	The number of Social Security and SSI disability claims pending at the reconsideration level in the State DDS and other agency components at the end of the fiscal year.	The number of Social Security and SSI disability claims pending at the reconsideration level in the State DDS and other agency components in the current fiscal year.
3.1a	The number of non-disability SSI redeterminations completed in the fiscal year up to the target. This number includes scheduled (i.e., identified for review through profiling) and unscheduled reviews (i.e., reviewed because of changes that may affect payment), as well as targeted redeterminations (i.e., limited issue reviews).	The number of non-disability SSI redeterminations completed in the fiscal year up to the target. This number includes scheduled and unscheduled reviews, as well as targeted redeterminations.
3.2a	Maximize our use of proven debt collection tools and techniques by continuing to notify debtors with delinquent debts over 10 years old of our ability to collect their debt through TOP. This indicator represents the number of notices sent to eligible beneficiaries as a result of this enhancement to our External Collection Operation system. Develop and implement internal processes to allow us to begin pursuing, through TOP, programmatic debts that have been delinquent for longer than 10 years.	Develop and implement internal processes to allow us to begin pursuing, through the Department of Treasury Offset Program, programmatic debts that have been delinquent for longer than 10 years.
3.3a	The percentage of paper Forms W-2 processed to completion. We derive the percentage by dividing the number of paper Forms W-2 processed to completion by the total number of Forms W-2 processed to completion. We report data cumulatively for the current calendar year, as we process Forms W-2 for the prior tax year.	The percentage of paper Forms W-2 processed to completion. We derive the percentage by dividing the number of paper Forms W-2 processed to completion by the total number of Forms W-2 processed to completion. Data are reported cumulatively for the current calendar year, as we process Forms W-2 for the prior tax year.

CARRYOVER PERFORMANCE MEASURES WITH DATA DEFINITION CHANGES		
Number	FY 2013 New Data Definition	FY 2012 Old Data Definition
4.1b	The percentage of the on-duty workforce, as of the end of the fiscal year (September 30), who self-identified as an individual with a targeted disability (e.g., an employee who has self-identified with one or more of the following physical or mental impairments: deafness, blindness, missing extremities, partial paralysis, complete paralysis, epilepsy, severe intellectual disability, psychiatric disability, and dwarfism).	The percentage of the on-duty workforce, as of the end of the fiscal year (September 30), who self-identified as an individual with a targeted disability (e.g., an employee who has self-identified with the following physical and/or mental impairment: deafness, blindness, missing extremities, partial paralysis, complete paralysis, and other impairment such as epilepsy, severe intellectual disability, psychiatric disability, and dwarfism).
4.1c	The percentage of new and existing employees trained on safety and security measures when encountering irate and aggressive customers. We will train front-line employees first.	The number of new and existing employees trained on safety and security measures when encountering irate and aggressive customers. We will train front-line employees first.
4.2a	<p>We define enterprise availability as a weighted total availability of service channel mission critical applications for all our customers. We consider an application available when the end user can perform all business functions within the application with reasonable response times. The weighting takes into account the relative impact that an outage could have on our customers, considering both the functionality and the service hours that are potentially impacted. Six different service channels (online, DDS eDib, Internet, telephone, data exchange, and weekend online services) and accompanying applications are included. Mission critical services in our Enterprise Availability include:</p> <ul style="list-style-type: none"> • Self-service Internet benefits applications; • Automated telephone menu data applications; • Email and case processing systems used by our direct support staff, or by our partnering State DDS staff; and • Data exchange systems used by our governmental or business partners. 	We define enterprise availability as a weighted total availability of service channel mission critical applications for all our customers. An application is considered available when the end user can perform all business functions within the application with reasonable response times. Six different service channels (online, DDS eDIB, Internet, telephone, data exchange, and weekend outage) and accompanying applications are included.

CARRYOVER PERFORMANCE MEASURES WITH DATA DEFINITION CHANGES		
Number	FY 2013 New Data Definition	FY 2012 Old Data Definition
4.3a	Energy intensity is energy consumption per square foot of building space. Executive Order 13514 requires agencies to improve energy efficiency and reduce greenhouse gas emissions through reduction of energy intensity by 30 percent by the end of FY 2015 as it relates to the baseline of the agency's energy use in FY 2003. We measure the decrease in energy consumption for each fiscal year against the FY 2003 usage baseline.	Energy intensity is energy consumption per square foot of building space. Executive Order 13514 requires agencies to improve energy efficiency and reduce greenhouse gas emissions through reduction of energy intensity by 30 percent by the end of FY 2015 as it relates to the baseline of the agency's energy use in FY 2003. We measure the decrease in energy consumption for each fiscal year against the FY 2003 usage baseline.

Appendix F

Key Management Officials and Board Members

Acting Commissioner	Carolyn W. Colvin
Deputy Commissioner	Vacant
Chief Actuary	Stephen C. Goss
General Counsel	David F. Black
Inspector General	Patrick P. O’Carroll, Jr.
Deputy Commissioner, Budget, Finance, and Management	Peter D. Spencer
Deputy Commissioner, Communications	James J. Courtney
Deputy Commissioner, Disability Adjudication and Review	Glenn E. Sklar
Deputy Commissioner, Human Resources	Reginald F. Wells, Ph.D.
Deputy Commissioner, Legislation and Congressional Affairs	Scott L. Frey
Acting Deputy Commissioner, Operations	Nancy A. Berryhill
Deputy Commissioner, Quality Performance	Stephanie J. Hall
Acting Deputy Commissioner, Retirement and Disability Policy	Marianna LaCanfora
Acting Deputy Commissioner, Systems	Debbi Russell

Board of Trustees

Jacob J. Lew
Secretary of the Treasury, and
Managing Trustee of the Trust Funds

Seth D. Harris
Secretary of Labor, and
Trustee

Kathleen Sebelius
Secretary of Health and
Human Services, and Trustee

Carolyn W. Colvin
Acting Commissioner of Social Security,
and Trustee

Charles P. Blahous III
Trustee

Robert D. Reischauer
Trustee

Social Security Advisory Board

Barbara B. Kennelly, Acting Chair

Bernadette Franks-Ongoy

Jagadeesh Gokhale

Dorcas R. Hardy

Summary of Key Management Officials' Responsibilities

Commissioner of Social Security (COSS) — manages all agency programs and staff.

Deputy Commissioner of Social Security (DCOSS) — serves as the alter ego for the COSS. In addition, the DCOSS is the accountable official for improper payments and serves as the Chief Operating Officer responsible for improving agency management and performance.

Chief Actuary (CAct) — plans and directs program actuarial estimates and analyses for the retirement, survivors, disability, and Supplemental Security Income programs and for any proposed changes in those programs and trust funds. The CAct provides technical and consultative services to the COSS, the Board of Trustees of the Social Security Trust Funds, and its staff.

General Counsel (GC) — advises the COSS, DCOSS, and all subordinate organizational components (except the Inspector General) on legal matters.

Inspector General (IG) — promotes economy, efficiency, and effectiveness in the administration of our programs and operations, and prevents and detects fraud, waste, abuse, and mismanagement.

Deputy Commissioner for Budget, Finance and Management (DCBFM) — directs our comprehensive management programs including budget, acquisition and grants, facilities and supply management, and security and emergency preparedness.

Deputy Commissioner for Communications (DCCOMM) — conducts our national public information and outreach programs, leads our efforts to improve the clarity, tone, and readability of our notices, and fosters the transparency of our operations.

Deputy Commissioner for Disability Adjudication and Review (DCDAR) — administers our nationwide appeal and review program in accordance with relevant Federal laws.

Deputy Commissioner for Human Resources (DCHR) — administers our human resources programs, including training, human capital initiatives, personnel and employee relations, labor management, and civil rights and equal opportunity.

Deputy Commissioner for Legislation and Congressional Affairs (DCLCA) — develops and conducts our legislative program, serves as our liaison to Congress, and analyzes legislative and regulatory initiatives.

Deputy Commissioner for Operations (DCO) — directs our national network of field offices, National 800 Number teleservice centers, and processing centers. Oversees the State DDSs.

Deputy Commissioner for Quality Performance (DCQP) — directs our quality management program by conducting quality reviews, studies, and statistical analyses of our programs, business processes, and service delivery.

Deputy Commissioner for Retirement and Disability Policy (DCRDP) — advises the COSS on major policy issues and is responsible for all major activities in the areas of program policy planning, policy research and evaluation, statistical programs and overall policy development, analysis and implementation.

Deputy Commissioner for Systems (DCS) — directs the strategic management of our systems and databases, which includes the development, validation, and implementation of any new systems. Directs the conduct of systems and operational integration and strategic planning processes, and the

implementation of a comprehensive systems configuration management, database management, and data administration program. Serves as the Chief Information Officer.

Appendix G

Glossary of Acronyms

A

ACSI	American Customer Satisfaction Index
AFI	Access to Financial Institutions
AFR	Annual Financial Report
ALJ	Administrative Law Judge
APP	Annual Performance Plan
APR	Annual Performance Report
ASP	Agency Strategic Plan

B

BLS.....	Bureau of Labor Statistics
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C

C2C	Click-to-Communicate
CAct	Chief Actuary
CAL	Compassionate Allowances
CARE 2020	Citizens Access Routing Enterprise
CDI	Cooperative Disability Investigation
CDR.....	Continuing Disability Review
COSS	Commissioner of Social Security

D

DCBFM	Deputy Commissioner for Budget, Finance and Management
DCCOMM	Deputy Commissioner for Communications
DCDAR	Deputy Commissioner for Disability Adjudication and Review
DCF	Disability Control File
DCHR	Deputy Commissioner for Human Resources
DCLCA.....	Deputy Commissioner for Legislation and Congressional Affairs
DCO	Deputy Commissioner for Operations
DCOSS.....	Deputy Commissioner of Social Security
DCPS	Disability Case Processing System
DCQP	Deputy Commissioner for Quality Performance
DCRDP	Deputy Commissioner for Retirement and Disability Policy
DCS	Deputy Commissioner for Systems
DDS.....	Disability Determination Services
DHS.....	Department of Homeland Security
DI	Disability Insurance
DoD	Department of Defense
DoL	Department of Labor
DoS	Department of State
DOT	Dictionary of Occupational Titles
D&I	Diversity and Inclusion

E

EAE Enumeration-at-Entry
eBB Electronic Bench Book
eCAT Electronic Claims Analysis Tool
eDib Electronic Disability
EDR Electronic Death Registration
EMF Electronic Meeting Facility
EN Employment Network
EWR Electronic Wage Reporting

F

FO Field Office
FY Fiscal Year

G

GC General Counsel
GPRAMA Government Performance and Results Act Modernization Act

H

health IT Health Information Technology

I

iAppeals Internet Appeal Applications
iClaim Internet Benefit Application
IG Inspector General
IRS Internal Revenue Service
IT Information Technology

L

Listings Listing of Impairments

M

MPR Mathematica Policy Research, Inc.
my Social Security My Social Security Online Services

N

NOW Network Online Web
NSC National Support Center

O

OASDI Old-Age, Survivors, and Disability Insurance
OIG Office of the Inspector General
OIS Occupational Information System
OPM Office of Personnel Management
OQP Office of Quality Performance
OSCAR Onsite Security Control and Audit Reviews

P

PAR.....Performance and Accountability Report
PI.....Performance Indicator
POMS.....Program Operations Manual System

Q

QDD.....Quick Disability Determination

R

RVP.....Representative Video Project

S

SES CDP.....Senior Executive Service Candidate Development Program
SSA.....Social Security Administration
SSI.....Supplemental Security Income
SSITWR.....SSI Telephone Wage Reporting System
SSN.....Social Security number
SSNAP.....Social Security number Application Process
SSNVS.....Social Security number Verification Services
SSPP.....Strategic Sustainability Performance Plan

T

TAR.....Transaction Accuracy Review
TBD.....To Be Determined
Title II.....Old-Age, Survivors, and Disability Insurance
Title XVI.....Supplemental Security Income
TOP.....Treasury Offset Program
Treasury.....Department of the Treasury

V

VA.....Department of Veterans Affairs
VIP.....Visitor Intake Process
VLER.....Virtual Lifetime Electronic Record
VOD.....Video on Demand
VR.....Vocational Rehabilitation
VRI.....Video Remote Interpreting
VSD.....Video Service Delivery



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